

4076. Also, petition of Loew's Warwick Theater, Embassy Theater, Lefferts Theater, Glenwood Theater, Parthenon Theater, Kinema Theater, Crossbay Theater, Alhambra Theater, Maspeth Theater, and Ridgewood Theater, all of Brooklyn, N. Y., opposing tax on admissions to motion-picture theaters; to the Committee on Ways and Means.

4077. By Mr. SANDERS of Texas: Petition of 101 farmers of Henderson County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change be made in same that will modify its benefits in any way, and that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4078. Also, petition of 140 farmers of Rusk County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way, and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4079. Also, petition of 50 farmers of Gregg County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4080. Also, petition of 44 farmers of Wood County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same which will modify its benefits in any way and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4081. Also, petition of 89 farmers of Kaufman County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4082. Also, petition of 56 farmers of Van Zandt County, Tex., asking Members of Congress to preserve the agricultural marketing act, and protesting any change in same that will modify its benefits in any way, and asking that only such changes be made as shall be promulgated and approved by organizations of actual farmers like themselves; to the Committee on Agriculture.

4083. By Mr. SELVIG: Petition of George Bergem Post, No. 489, Underwood, Minn., urging immediate cash payment of adjusted-service certificates, and Elmer J. Ecklund Post, No. 117, Thief River Falls, Minn., urging full payment of certificates; to the Committee on Ways and Means.

4084. Also, petition of Angus McDonald States Theater, of East Grand Forks; Sam A. Erickson, Mankato; and William Hamm, jr., all of the State of Minnesota, protesting against tax on low-priced theater admissions; to the Committee on Ways and Means.

4085. Also, petition of Pelican Rapids (Minn.) American Legion post, urging immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4086. By Mr. SUMMERS of Washington: Petition signed by Alfred Johnson and 161 other citizens of Selah, Wash., opposing any measure looking toward the modification, resubmission to the States, or repeal of the eighteenth amendment; to the Committee on the Judiciary.

4087. By Mr. SUMNERS of Texas: Petition of 148 names of farmers of Ellis County, Tex., asking that no change be made in the agricultural marketing act that will modify its benefits in any way, and that only such changes be made as shall be promulgated and approved by organizations of actual farmers; to the Committee on Agriculture.

4088. Also, petition of 12,657 citizens of Dallas County, Tex., protesting against the repeal, resubmission, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

4089. By Mr. SWICK: Petition of Unionville Grange, No. 1971, Butler County, Pa., L. G. Stoughton, master, requesting that the personnel of the departments of the Federal Government be reduced to such proportion as will save the Government many millions of dollars in lieu of the proposed sales tax; to the Committee on Ways and Means.

4090. By Mr. YATES: Petition of Maj. Earle D. Andrews, 4133 Johnson Avenue; Gust Olson, jr., 4101 Clausen Avenue; Walter Hartenstein, 4048 Ellington Avenue; and other citizens of Western Springs, Ill., protesting against any decrease in the national defense; to the Committee on Appropriations.

4091. By the SPEAKER: Petition of Jack Scott, favoring impeachment be filed on record for action in Congress; to the Committee on the Judiciary.

SENATE

FRIDAY, MARCH 11, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, who has set our troubled years in the heart of Thy eternity, and in whom the discordant notes of our humanity rise into perfect harmony; teach us, who are but creatures of a day, the lesson of Thy patience, who art ever working, yet ever at rest, that we may learn to wait, not in listless quiet but with a forward-looking faith which shall enable us to rise above the evils of the passing time.

Deliver us from the bondage of unchastened desires, unholy thoughts, and fill us with a perfect trust in Thee, that with utter freedom of soul we may fulfill the expectations of our fellow men and in the light of Thy eternal calm envision the noble prophecy of love's holy triumph and the coming glory of Thy righteous kingdom. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5315) to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SUMNERS of Texas, Mr. MONTAGUE, and Mr. DYER were appointed managers on the part of the House at the conference.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ark.
Austin	Couzens	Kean	Robinson, Ind.
Bailey	Dale	Kendrick	Schall
Bankhead	Davis	Keyes	Sheppard
Barbour	Dickinson	King	Shipstead
Barkley	Dill	La Follette	Smith
Bingham	Fess	Lewis	Smoot
Black	Fletcher	Logan	Steiwer
Blaine	Frazier	McGill	Thomas, Idaho.
Borah	George	McKellar	Thomas, Okla.
Bratton	Glass	McNary	Townsend
Brookhart	Glenn	Metcalf	Trammell
Broussard	Goldsborough	Morrison	Tydings
Bulkeley	Gore	Neely	Vandenberg
Bulow	Hale	Norbeck	Wagner
Byrnes	Harrison	Norris	Walcott
Capper	Hatfield	Nye	Walsh, Mont.
Caraway	Hayden	Oddie	Waterman
Carey	Hebert	Patterson	White
Coolidge	Howell	Pittman	
Copeland	Johnson	Reed	

Mr. FESS. I desire to announce the unavoidable absence of the senior Senator from Indiana [Mr. Watson]. I will let this announcement stand for the day.

Mr. McKELLAR. The junior Senator from Tennessee [Mr. Hull] is detained on account of illness. This announcement may stand for the day.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. Harris] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. Swanson] is absent in attendance upon the disarmament conference at Geneva.

Mr. SHEPPARD. I desire to announce that the Senator from Louisiana [Mr. Long] is necessarily out of the city.

Mr. COOLIDGE. I wish to announce that the senior Senator from Massachusetts [Mr. Walsh] is necessarily detained from the Senate by illness.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. KEAN presented a resolution adopted by the State Highway Commission of New Jersey, favoring the making of proposed emergency appropriations for highway construction work, which was referred to the Committee on Post Offices and Post Roads.

Mr. TYDINGS presented numerous telegrams in the nature of memorials from sundry citizens of Baltimore, Md., remonstrating against the imposition of a 1-cent tax on imported gasoline and oil, which were referred to the Committee on Finance.

Mr. CAPPER presented petitions of sundry citizens of the State of Kansas, praying for the passage of the so-called Capper-Kelly fair trade bill, which were referred to the Committee on Interstate Commerce.

He also presented petitions of members of Arborhurst Chapter of the Woman's Christian Temperance Union of Kansas City and sundry citizens of Sterling, in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, and protesting against any measures looking toward its modification or repeal, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a letter in the nature of a petition from sundry citizens of Brooklyn, N. Y., praying for: First, a thorough reduction of the Federal salary and wage scale; second, the elimination of all Government positions and functions which constitute a duplication of the position or function in another department or bureau; and, third, the elimination of every bureau, position, and function in the Federal service the maintenance of which is not consonant with the strictest economy, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by Monitor Lodge, No. 931, Independent Order of Odd Fellows, of Jamestown, N. Y., favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the foreign trade committee of the Rochester (N. Y.) Chamber of Commerce, protesting against the passage of House bill 9148, to increase passport fees, and for other purposes, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the men's class of the Methodist Episcopal Church of Northville and the Woman's Christian Temperance Unions of Broome County, Phoenix, and Saranac Lake, in the State of New York, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to be ratified by the States and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by the postal facilities committee of the Rochester (N. Y.) Chamber of Commerce, opposing the proposed increase of postal rates on first-class domestic mail matter and favoring the consolidation of rural free-delivery routes as they are vacated into

star routes and also the closest scrutiny of salaries and wages in the Post Office Department, etc., which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens of Brooklyn, N. Y., praying for the passage of legislation to prohibit experiments upon living dogs in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented memorials of sundry citizens of New York City, N. Y., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which were referred to the Committee on the District of Columbia.

Mr. ASHURST presented a memorial of sundry citizens of Tucson, Ariz., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, indorsing the proposal as a lesson in good citizenship that school children help in tree planting, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, favoring the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, which was ordered to lie on the table.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, favoring the passage of the so-called Jeffers bill, being the bill (H. R. 8549) to make it a crime to advocate or promote the overthrow or the destruction of the Government of the United States by force or violence, and for other purposes, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, favoring the enforcement of section 307 of the tariff act of 1930, prohibiting the importation of goods produced or manufactured in whole or in part by forced labor, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, favoring the passage of the so-called Oddie bill, being Senate bill 37, to prohibit the importation of any article or merchandise from the Union of Soviet Socialist Republics, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, favoring the passage of the so-called Bachmann bill, being House bill 1967, to amend the immigration laws so as to prevent the admission of communists into the United States, and providing for the immediate deportation of alien communists, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, opposing the passage of legislation to amend the naturalization laws so as to omit from the oath of allegiance required of aliens becoming naturalized the pledge to bear arms if necessary in defense of the United States, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, favoring the passage of legislation requiring an oath of allegiance to the United States to be taken as one of the qualifications required for teachers in the schools and colleges of the State of Arizona, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Thirty-first Arizona State Conference of the Daughters of the American Revolution, indorsing the work being done by the patriotic

education and Americanism committee of the Daughters of the American Revolution in awarding good-citizenship medals in the schools, etc., which was referred to the Committee on Education and Labor.

Mr. SMITH presented the following concurrent resolution of the Legislature of South Carolina, which was referred to the Committee on Banking and Currency:

A concurrent resolution memorializing the Congress of the United States to enact suitable legislation authorizing and empowering the Federal reserve banks of the United States to discount short-term notes that may be issued by a State or any subdivision thereof

Whereas in these depressed financial conditions the State and the subdivisions thereof are experiencing some difficulty in borrowing money for operating current expenses: Now, therefore, be it

Resolved by the senate (the house of representatives concurring). That the Congress of the United States is hereby memorialized and petitioned to pass such laws as will authorize and empower the Federal reserve banks of the United States of America to discount short-term notes issued by a State or any subdivision thereof for such period of time as the Congress of the United States may deem best.

That copies of this resolution be sent to the chairman of the Committee on Banking in the House of Representatives and the Committee on Banking in the Senate of the Congress of the United States, respectively, and also sent to the United States Senators and Members of the House of Representatives in Congress from the State of South Carolina.

IN THE SENATE,
Columbia, S. C., March 3, 1932.

I hereby certify that the foregoing is a true and correct copy of a concurrent resolution adopted by the senate and concurred in by the house of representatives.

[SEAL.]

JAMES H. FOWLES,
Clerk of the Senate.

Mr. SMITH also presented the following concurrent resolution of the Legislature of South Carolina, which was referred to the Committee on Finance:

A concurrent resolution to memorialize Congress not to place any tax on gasoline

Whereas Congress of the United States has under consideration legislation, the purpose of which is to place a Federal tax upon gasoline; and

Whereas the State tax imposed upon gasoline sold in South Carolina is at the present time 6 cents per gallon; and

Whereas taxes on gasoline is a matter which has been and should be left to the legislative bodies of the various States: Now, therefore, be it

Resolved by the senate (the house of representatives concurring). That the Legislature of South Carolina hereby respectfully memorializes the Members of the House of Representatives from South Carolina and the Members of the Senate from South Carolina to use their influence to prevent Congress from passing any legislation whereby the Federal Government shall place a tax upon gasoline; be it

Resolved further, That properly attested copies of this resolution be transmitted to the Members of Congress from South Carolina.

IN THE SENATE,
Columbia, S. C., March 3, 1932.

I hereby certify that the foregoing is a true and correct copy of a concurrent resolution adopted by the senate and concurred in by the house of representatives.

[SEAL.]

JAMES H. FOWLES,
Clerk of the Senate.

LIQUOR-CONTROL SYSTEM OF SWEDEN

Mr. TYDINGS. Mr. President, I send to the desk a short article from the New York Times of this date and ask that the clerk may read it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

[From the New York Times, Friday, March 11, 1932]

SWEDISH CRIME DROP LAID TO LIQUOR CONTROL—ALCOHOLISM HAS
FALLEN 71 PER CENT, SAYS DOCTOR BRATT

PARIS, March 10.— * * * Dr. Ivan Bratt explained to the American Club of Paris the Swedish system of liquor control, which bears his name.

"Sweden was on the point of adopting prohibition in 1912," Doctor Bratt said, "but we avoided it by substituting strict government control of liquor sales, and it is now fairly certain that we will never have it. Since 1912 the consumption of distilled spirits in Sweden has decreased 50 per cent, hospitalized cases of alcoholism have decreased 71 per cent, and crimes of violence attributed to drunkenness have decreased 66 per cent.

"Fortunately the prohibition question never was mixed with politics in Sweden," he went on. "Our liquor-control system does not embrace beer and wine. I can give three reasons for prohibition's failure. First, it is easy to make alcohol. Second, it is

easy to make money selling alcohol. Third, it is difficult to convince people that it is morally wrong to drink alcohol in moderation. In any large city you will find hundreds of thousands of persons willing to drink, tens of thousands willing to sell liquor, and thousands willing to make alcohol. We can not attack by law human habits which are not condemned generally on moral grounds."

The Bratt system in Sweden strictly limits the number of persons to whom licenses may be issued for the purchase of liquor. The "candidate" makes an affidavit in which he gives full information as to his family and personal background, stating his earnings, whether or not he drinks temperately, whether he has ever been arrested, and other related matters.

THE PROHIBITION LAW

Mr. KEYES presented a letter in the nature of a petition from the East Manchester (N. H.) Woman's Christian Temperance Union, praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

MANCHESTER, N. H., March 2, 1932.

HON. HENRY W. KEYES,
Senator, Washington, D. C.

DEAR SIR: In view of the many bills that have been submitted to Congress by the opponents of prohibition we, the undersigned, urge that you use your influence and cast your vote in support of the maintenance of the prohibition law and its enforcement and against any measure looking toward its modification, resubmission to the States, or repeal, and that this petition be printed in the CONGRESSIONAL RECORD.

Sincerely,
EAST MANCHESTER WOMAN'S CHRISTIAN TEMPERANCE UNION,
MISS NINA E. JAMESON, Secretary.

WILD-LIFE CONSERVATION IN WYOMING

Mr. CAREY. Mr. President, I present resolutions adopted by the Wyoming State Game and Fish Commission, which I ask may be printed in the RECORD and lie on the table.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas the Game and Fish Commission of Wyoming has for several years worked harmoniously in cooperation with the United States Forestry Service, Bureau of Biological Survey, the Bureau of Fisheries, and other Federal agencies upon a general conservation program for the State of Wyoming; and

Whereas the said Wyoming State Game and Fish Commission is deeply appreciative of the invaluable assistance accorded our State by these various Federal departments and the officials and members thereof; and

Whereas of especial value in their untiring services in behalf of our wild-life resources we beg to submit the names of Mr. A. C. McCain, supervisor of the Teton National Forest, and Mr. O. J. Murie, biologist, of the Bureau of Biological Survey, as entitled to special mention: Therefore be it

Resolved, That the members of the Wyoming State Game and Fish Commission, in regular session assembled, hereby express our sincere appreciation and thanks for the fine cooperative spirit and assistance accorded our department and our State by the above-mentioned departments and individuals and to express our hopes and desire that the same fine spirit of collective efforts may continue through the coming years; and be it further

Resolved, That we commend the efforts of the Biological Survey in its control of predatory animals, predaceous birds, and rodents under its 10-year program in Wyoming; and be it further

Resolved, That a copy of this resolution be spread on the minutes of this meeting and that copies thereof be transmitted to Col. J. Clausen Roop, Director of the Budget; Hon. Paul G. Redington, Chief of the Bureau of Biological Survey; Maj. Robert Stewart, Chief Forester; Col. Henry O'Malley, Director of the United States Bureau of Fisheries; Senator John B. Kendrick; Senator Robert D. Carey; Congressman Vincent Carter, all of Washington, D. C.; Hon. A. M. Clark, Governor of Wyoming, Cheyenne, Wyo.

Dated at Cheyenne, Wyo., this 9th day of January, A. D. 1932.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 3440) for the relief of Nick Wagner, reported it with an amendment and submitted a report (No. 416) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 1406) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark., reported it without amendment and submitted a report (No. 417) thereon.

Mr. FLETCHER, from the Committee on Military Affairs, to which was referred the bill (S. 2148) for the relief of

Clarence R. Killion, reported it without amendment and submitted a report (No. 418) thereon.

Mr. HATFIELD, from the Committee on Immigration, to which was referred the bill (H. R. 8235) to clarify the application of the contract-labor provisions of the immigration laws to instrumental musicians, reported it without amendment and submitted a report (No. 419) thereon.

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3570) to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927, reported it with an amendment and submitted a report (No. 420) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination for reappointment of Brig. Gen. Henry Lewis Stimson, Auxiliary Reserve, to be brigadier general, Auxiliary Reserve, from May 16, 1932, and also sundry nominations of officers in the Regular Army, which were placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. CARAWAY:

A bill (S. 4025) for the relief of Frank S. Harrison; to the Committee on Naval Affairs.

A bill (S. 4026) granting a pension to Ernest J. Hollis; and

A bill (S. 4027) granting an increase of pension to Mary A. Stutler; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 4028) authorizing a preliminary examination and survey of the Columbia and Willamette Rivers, with a view to the controlling of floods; to the Committee on Commerce.

A bill (S. 4029) to restore homestead rights in certain cases; to the Committee on Public Lands and Surveys.

By Mr. COPELAND (by request):

A bill (S. 4030) to amend section 5 of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914; to the Committee on Interstate Commerce.

A bill (S. 4031) for the relief of James W. Kelly; to the Committee on Naval Affairs.

By Mr. HATFIELD:

A bill (S. 4032) granting a pension to Martha B. Dovener (with accompanying papers); to the Committee on Pensions.

By Mr. STEIWER:

A bill (S. 4033) to require purchase and use by executive departments and establishments and by Government contractors and subcontractors of domestic articles and materials; to require the specification of alternate materials for construction; to give preference to materials and articles produced, grown, or manufactured locally; and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. SHEPPARD:

A bill (S. 4034) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

By Mr. DILL:

A bill (S. 4035) for the relief of Frank P. Ross; and

A bill (S. 4036) for the relief of Earl A. Ross; to the Committee on Agriculture and Forestry.

By Mr. SMITH:

A bill (S. 4037) for the relief of Patrick J. Solon, lieutenant, United States Navy, retired; to the Committee on Naval Affairs.

By Mr. CAPPER:

A bill (S. 4038) to amend section 1 of an act entitled "An act to provide home care for dependent children in the District of Columbia," approved June 22, 1926; and

A bill (S. 4039) to provide for the extension and widening of Michigan Avenue in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. REED:

A bill (S. 4040) granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally, to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 4041) granting to the Metropolitan Water District of Southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California; to the Committee on Public Lands and Surveys.

By Mr. KING:

A bill (S. 4042) authorizing the Seminoles of Oklahoma to institute certain proceedings in the United States District Court for the Eastern District of Oklahoma, conferring jurisdiction on said court to hear, consider, and render final judgment thereon, and for other purposes; to the Committee on Indian Affairs.

By Mr. NORBECK:

A bill (S. 4043) to repeal section 2 of chapter 333, Forty-fifth Statutes; to the Committee on the Judiciary.

A bill (S. 4044) to establish an assay office at Deadwood, S. Dak.; to the Committee on Mines and Mining.

By Mr. LA FOLLETTE:

A bill (S. 4045) to establish a referendum to enable the people of the United States to propose candidates for nomination for President of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. ODDIE:

A bill (S. 4046) to fix more equitably the responsibility of postmasters; to the Committee on Post Offices and Post Roads.

By Mr. SMITH:

A bill (S. 4047) granting a pension to Samuel Wilson Orr; to the Committee on Pensions.

FOREIGN COMPETITIVE CONDITIONS IN FOREST INDUSTRY

Mr. JONES submitted the following resolution (S. Res. 187), which was referred to the Committee on Finance:

Resolved, That the United States Tariff Commission be, and it is hereby, authorized and directed to make a complete investigation of foreign competitive conditions relating to the forest industry of the United States, including all branches thereof such as timber, lumber, pulpwood, pulp and paper industry, naval-stores industry, and any lumber by-product industries, and to report its findings to Congress at the earliest date practicable. In such investigation the commission shall make use of the compiled data and findings of the timber conservation board which during the past year has conducted a survey relating to the domestic field and future marketing problems of the forest industry.

I. L. LYONS & CO.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1473) to authorize an appropriation for the relief of I. L. Lyons & Co., which was to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to I. L. Lyons & Co., the sum of \$3,793.07, in full settlement of all claims against the Government of the United States, which sum represents the amount paid to the United States by the said company for certain liquors sold to it by order of the United States district court authorizing the marshal for the eastern district of Louisiana and the Customs Service, port of New Orleans, to make such sale, and which liquors were later found and held to be unfit for medicinal purposes and not salable by the said I. L. Lyons & Co. as permittee wholesale druggist.

SEC. 2. That the payment directed under section 1 of this act shall not be made until the liquor involved is surrendered to the Federal prohibition administrator at New Orleans, La., for destruction.

Mr. BROUSSARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

ECONOMIC CONDITIONS

Mr. TRAMMELL. Mr. President, I send to the desk two most able and timely editorials, one entitled "Lest We Forget," and one entitled "National Vitality" appearing in the Jacksonville (Fla.) Journal. The editorials were written by Judge John W. Dodge. I ask that they may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorials are as follows:

[From the Jacksonville (Fla.) Journal, February 19, 1932]

LEST WE FORGET—LOSING OUR MOORINGS

By Judge John W. Dodge

The spirit of "to get" so easily makes us "forget." We forget when, with avarice and greed, we are ashamed to recollect.

Wisdom is like the dove that flew out of the ark. The dove forgot her haven of safety in the ark, left her nest, flew away to the unknown wilds of life.

Let us not forget the ark of our national safety—our cradle of liberty—our Noah who built our ark, this Nation and its Constitution, which for more than a century and a half have carried us safely through our floods and storms of political, economic, and national struggles. Let us return to the ark—to the wisdom of its builders and navigators, and to their warnings and counsel. They are men of conviction.

George Washington in his Farewell Address, September 17, 1796, said to us in immortal wisdom words, referring to our Constitution: "Respect for its authority, compliance with its laws, acquiescence in its measures are duties enjoined by the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and to alter their constitutions of government. But the constitution which at any time exists, till changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all. The very idea of the power and the right of the people to establish government presupposes the duty of every individual to obey the established government."

"All obstructions to the execution of the laws, all combinations and associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the constituted authorities, are destructive of this fundamental principle and of fatal tendency."

Neither any public officer charged, under his oath of office, with enforcing the Constitution and laws, from the President down, nor any single individual, citizen or otherwise, can ignore such duties, obligations or wisdom, unless he puts himself above law and thus attempts to destroy liberty.

Once more Washington said: "Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism, who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens. The mere politician equally with the pious man ought to respect and to cherish them. A volume could not trace all their connections with private and public felicity. Let it simply be asked, Where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths, which are the instruments of investigation in courts of justice? And let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle."

We shall lose our liberty as we lose our wisdom, morality, and religion. In the words of Kipling:

"God of our fathers, known of old,
Lord God of Hosts, be with us yet,
Lest we forget—lest we forget!"

[From the Jacksonville (Fla.) Journal, February 29, 1932]

NATIONAL VITALITY

By Judge John W. Dodge

I was reading recently an article in the Literary Digest, entitled, "Man's Blame for Epidemics." It was about germs and disease, but is equally applicable to our national vitality.

"If you take in thieves as guests, your property will probably be stolen. And if you are hospitable to germs and offer them the food they like, you must expect to have bronchitis, or possibly pneumonia, or meningitis," said the article.

Our national vitality is now suffering from an accumulation of epidemic diseases of the body politic. We have, by a gradual process of weakening governmental policies, exposed ourselves to virulent infections, devastating germs, ravishing parasites, and destructive diseases. We are so devitalized that we are not able to resist the attacks of these germs which we have treated so hospitably, and they have spread sickness, epidemics, and infections which have produced for us a widespread national depression.

What are some of these body-politic germs? Here are a few—there are many others which could be named:

The "fraud germ" was widespread. By deceit and false representations, by the concealment of well-known adverse facts, by

fraudulent half truths, by fraudulent propaganda and optimistic interviews and statements given out to the public, coming from those high in public life, finance, commerce, industry, and government, even so-called educators and experts, the masses of the people were fed "fraud germs." The hospitality of the people made it easy for their "thieves as guests" to steal.

"Inflation credit germs," a few years ago, worked among and fed upon millions. Money and credit came to us in large value and volume. We ate it; we swallowed it in gulps; we swelled up. But we could not find nourishment in most of it; it was chaff, or watered, or hot air; it was not food, but foolishness. Swollen ourselves, with this superfluity of money and credit, we sent it to Germany, South America, to the very wilds of nature, to feed the pigs, swine, and gluttons of other lands; we "cast our pearls before swine." The surplus at home we invested in watered stock-market securities, stock dividends, overcapitalized fraudulent stock issues.

"Deflation germs," in our lowered state of resistance, in our intoxicated revelry, in our national debauchery, found us good food to feast upon. There was a constipated condition which soon arose—about three years ago. The reaction was a diarrhetic condition. The people had been looted, the credit was held by a few—assets froze. The body politic got cold feet. At first we thought we had contracted only a bad cold, but it was "intestinal flu," and everything flew into its own little corner, seared and shivering. We have hoarded what we had left. Will it keep life in us?

We must rebuild our national vitality, destroying the "fraud germs," the "inflation credit germs," and the "deflation credit germs."

CONSIDERATION OF UNOBTAINED BILLS ON THE CALENDAR

The VICE PRESIDENT. Morning business is closed.

Mr. McNARY. Mr. President, I ask unanimous consent that the Senate proceed with the consideration of unobjected bills on the calendar, commencing with Order No. 409, where we left off yesterday, and when the calendar shall have been completed that we commence at the beginning and consider unobjected bills up to Order No. 308, where we started yesterday morning.

The VICE PRESIDENT. Is there objection to the request for unanimous consent submitted by the Senator from Oregon? The Chair hears none, and the Secretary will state the first bill on the calendar at the point indicated.

ROGER P. AMES

The bill (S. 1975) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, be and the same is hereby, amended by inserting between the names "Aristides Agramonte" and "John H. Andrus" the name "Roger P. Ames," so that the act as amended will read as follows:

"That in special recognition of the high public service rendered and disabilities contracted in the interest of humanity and science as voluntary subjects for the experiments during the yellow-fever investigations in Cuba, the Secretary of War be, and he is hereby, authorized and directed to publish annually in the Army Register a roll of honor on which shall be carried the following names: Walter Reed, James Carroll, Jesse W. Lazear, Aristides Agramonte, Roger P. Ames, John H. Andrus, John R. Bullard, A. W. Covington, William H. Dean, Wallace W. Forbes, Levi E. Folk, Paul Hamann, James F. Hanberry, Warren G. Jernegan, John R. Kissinger, John J. Moran, William Olsen, Charles G. Sonntag, Clyde L. West, Dr. R. P. Cooke, Thomas M. England, James Hildebrand, and Edward Weatherwaks, and to define in appropriate language the part which each of these persons played in the experiments during the yellow-fever investigations in Cuba; and in further recognition of the high public service so rendered by the persons hereinbefore named, the Secretary of the Treasury is authorized and directed to cause to be struck for each of said persons a gold medal with suitable emblems, devices, and inscriptions, to be determined by the Secretary of the Treasury, and to present the same to each of said persons as shall be living and posthumously to such representatives of each of such persons as shall have died, as shall be designated by the Secretary of the Treasury. For this purpose there is hereby authorized to be appropriated the sum of \$5,000; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts annually as may be necessary in order to pay to the following-named persons during the remainder of their natural lives the sum of \$125 per month, and such amount shall be in lieu of any and all pensions authorized by law for

the following-named persons: Pvt. Paul Hamann; Pvt. John R. Kissinger; Pvt. William Olsen, Hospital Corps; Pvt. Charles G. Sonntag, Hospital Corps; Pvt. Clyde L. West, Hospital Corps; Pvt. James Hildebrand, Hospital Corps; Pvt. John H. Andrus, Hospital Corps; Mr. John R. Bullard; Dr. Aristides Agramonte; Pvt. A. W. Covington, Twenty-third Battery, Coast Artillery Corps; Pvt. Wallace W. Forbes, Hospital Corps; Pvt. Levi E. Folk, Hospital Corps; Pvt. James F. Hanberry, Hospital Corps; Dr. R. P. Cooke; Pvt. Thomas M. England; Mr. John J. Moran; and the widow of Pvt. Edward Weatherwaks."

WILLIAM BURKE

The bill (S. 3376) for the relief of William Burke was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers William Burke, who was a member of Company C, Ninth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 6th day of August, 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

MILITIA TARGET RANGE RESERVATION IN UTAH

The bill (S. 3342) to authorize the Secretary of War to secure for the United States title to certain private lands contiguous to and within the militia target range reservation, State of Utah was announced as next in order.

Mr. REED. Mr. President, it seems to me that that is clearly a bill which ought to go to the Military Affairs Committee.

Mr. SMOOT. Mr. President, the measure merely involves the acquisition of certain land in connection with a target range; that is all. It is a bill in which the department is very much interested. At present the use of the target range is attended with considerable danger. Last year and the year before there were some cattle and sheep killed upon private lands which are involved in this bill.

Mr. REED. I should think we could pay for the cattle and sheep that are killed for less than \$120,000, which is the appropriation carried in this bill.

Mr. SMOOT. That is true; but because of present conditions some people also might be killed during target practice.

Mr. REED. Furthermore, I notice that the War Department recommends against the passage of the bill. I think the bill ought to go to the Committee on Military Affairs, and I so move.

Mr. SMOOT. I have no objection to the bill being referred to the Committee on Military Affairs, if the Senator from Pennsylvania thinks it should be so referred.

Mr. REED. Mr. President, I think the bill should be referred to the Committee on Military Affairs.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania [Mr. REED] that the bill be referred to the Committee on Military Affairs.

The motion was agreed to.

RESOLUTION PASSED OVER

The concurrent resolution (S. Con. Res. 6) favoring the designation and appropriate observance of American Conservation Week was announced as next in order.

Mr. SMOOT. I ask that that concurrent resolution go over.

The VICE PRESIDENT. The concurrent resolution will go over.

BILL INDEFINITELY POSTPONED

The bill (S. 697) to authorize reimbursement of Dr. B. W. Black, formerly a commissioned officer of the United States Public Health Service, for travel performed subsequent to June 7, 1924, under orders of the Secretary of the Treasury, issued prior to that date, which had been reported adversely from the Committee on Finance, was announced as next in order.

Mr. ROBINSON of Arkansas. I move the indefinite postponement of the bill.

The motion was agreed to.

BILL PASSED OVER

The bill (S. 2190) to amend section 300 of the World War veterans' act, 1924, as amended, which had been reported from the Committee on Finance adversely, was announced as next in order.

Mr. REED. I move that that bill be indefinitely postponed.

Mr. JOHNSON. Mr. President, may I ask, because of the necessary absence of my colleague [Mr. SHORTRIDGE] that the bill go over rather than that it be indefinitely postponed?

Mr. REED. Very well.

The VICE PRESIDENT. The bill will be passed over.

BILL INDEFINITELY POSTPONED

The bill (S. 2528) to extend the benefits of the World War veterans' act, 1924, as amended, to John Melville, which had been adversely reported from the Committee on Finance, was announced as next in order.

Mr. REED. I move that that bill be indefinitely postponed. The motion was agreed to.

SULPHUR PRODUCTION ON THE PUBLIC DOMAIN IN NEW MEXICO

The bill (S. 3276) to amend the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926, was announced as next in order.

Mr. ROBINSON of Arkansas. I think this measure should be explained to the Senate.

The VICE PRESIDENT. The bill was reported by the junior Senator from New Mexico [Mr. CUTTING], who is absent.

Mr. ROBINSON of Arkansas. In his absence I suggest that the bill go over.

Mr. BRATTON. Mr. President, it is my understanding that this bill merely proposes to extend the provisions of the act approved April 17, 1926, to the State of New Mexico. As originally enacted, the law was limited to the State of Louisiana. The amendment embodied in the bill simply includes New Mexico in the original act.

Mr. ROBINSON of Arkansas. I know of no objection to the bill.

The bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to promote the production of sulphur upon the public domain within the State of Louisiana," approved April 17, 1926, is amended by striking out the words "State of Louisiana" wherever they appear in such act and inserting in lieu thereof "States of Louisiana and New Mexico."

SIX-HOUR DAY FOR RAILWAY EMPLOYEES

The joint resolution (H. J. Res. 252) to authorize the Interstate Commerce Commission to make an investigation as to the possibility of establishing a 6-hour day for railway employees was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Interstate Commerce Commission be, and is hereby, directed to investigate what would be the effect upon operation, service, and expenses of applying the principle of a 6-hour day in the employment of all classes and each particular class of railway employees because of such application.

Sec. 2. The commission is further directed to report its findings to the Congress on or before December 15, 1932.

SALE OF PUBLIC LANDS TO PROVO, UTAH

The Senate proceeded to consider the bill (S. 681) providing for the sale of certain public lands to the city of Provo, Utah, which had been reported from the Committee on Public Lands with amendments.

Mr. McKELLAR. I ask the Senator from Utah if the bill, as amended, now conforms with the recommendation of Mr. Smith?

Mr. SMOOT. It does; and it is also in conformity with the recommendations of the Secretary of the Interior.

The VICE PRESIDENT. The amendments reported by the Committee on Public Lands will be stated.

The amendments were, on page 1, after line 2, to strike out "That the Secretary of the Interior is authorized and directed to provide for an appraisal of the following-de-

scribed public lands and to convey the same by quitclaim deed to the city of Provo, Utah, upon the payment by the said city to the United States of an amount equal to the value of the said lands as determined by such appraisal," and in lieu thereof to insert "That upon the payment of \$1.25 per acre there is hereby granted to the city of Provo, Utah, and the Secretary of the Interior is hereby authorized and directed to issue patent to said grantee for certain public lands in Utah for the protection of the watershed furnishing the water for said city, the land being described as follows."

On page 2, line 11, after the word "meridian," to insert "except as to the lands in Federal power project No. 596 in the southeast quarter northeast quarter section 33, and northwest quarter northwest quarter section 34, as shown by the map filed with the application for license designated and described as 'Exhibit K, detail map of Olmsted project of Utah Power & Light Co., showing location of dam, power house, lands, and center line of flume,' and received in the office of the Federal Power Commission April 3, 1925, and as to the land in Federal power project No. 596 in the southwest quarter northeast quarter section 33, as shown by the map filed with the application for amendment to the license designated and described as 'Exhibit K-2, amendment of project No. 596—Utah,' and received in the office of the Federal Power Commission February 11, 1932: *Provided*, That there shall be reserved to the United States all oil, coal, and other mineral deposits that may be found on the lands so patented and the right to prospect for, mine, and remove same: *Provided further*, That any patent issued under this act shall be subject to the provisions, reservations, conditions, and limitations of section 24 of the Federal water power act as to the southeast quarter northeast quarter and southwest quarter southwest quarter section 33 and northwest quarter northwest quarter section 34," and on page 3, line 15, after the word "effect," to strike out "All reservations and withdrawals heretofore made by Executive order or otherwise with respect to such lands are hereby revoked," so as to make the bill read:

Be it enacted, etc., That upon the payment of \$1.25 per acre there is hereby granted to the city of Provo, Utah, and the Secretary of the Interior is hereby authorized and directed to issue patent to said grantee for certain public lands in Utah for the protection of the watershed furnishing the water for said city, the land being described as follows: The east half northeast quarter, the southwest quarter northeast quarter, the west half southwest quarter, and the northwest quarter section 33, township 5 south, range 3 east, Salt Lake meridian; the northwest quarter northwest quarter section 34, township 5 south, range 3 east, Salt Lake meridian; and the southwest quarter southwest quarter section 27, township 5 south, range 3 east, Salt Lake meridian, except as to the lands in Federal power project No. 596 in the southeast quarter northeast quarter section 33, and northwest quarter northwest quarter section 34, as shown by the map filed with the application for license designated and described as "Exhibit K, detail map of Olmsted project of Utah Power & Light Co., showing location of dam, power house, lands, and center line of flume," and received in the office of the Federal Power Commission April 3, 1925, and as to the land in Federal power project No. 596 in the southwest quarter northeast quarter section 33, as shown by the map filed with the application for amendment to the license designated and described as "Exhibit K-2, amendment of project No. 596—Utah," and received in the office of the Federal Power Commission February 11, 1932: *Provided*, That there shall be reserved to the United States all oil, coal, and other mineral deposits that may be found on the lands so patented and the right to prospect for, mine, and remove same: *Provided further*, That any patent issued under this act shall be subject to the provisions, reservations, conditions, and limitations of section 24 of the Federal water power act as to the southeast quarter northeast quarter and southwest quarter southwest quarter section 33 and northwest quarter northwest quarter section 34. The lands so conveyed shall be used exclusively for the purpose of protecting the watershed of such city, and in the event that the city fails to use the lands for such purposes, or attempts to alienate such lands, title thereto shall revert to the United States; and the deed herein provided for shall contain an express condition to this effect.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LANDS IN FALLON, NEV.

The Senate proceeded to consider the bill (S. 3154) authorizing the conveyance of certain lands to the city of

Fallon, Nev., which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 4, after the word "conveyed," to strike out "by quitclaim deed," and on page 2, line 1, after the word "less," to insert "upon condition that the city shall make payment for the land at the rate of \$1.25 per acre within six months after the approval of this act: *Provided*, That there shall be reserved to the United States all oil, coal, or other mineral deposits found at any time in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may prescribe: *Provided further*, That the grant herein is made subject to any valid existing claim or easement, and that the land hereby granted shall be used by the city of Fallon, Nev., only for a dumping ground, and if the said land or any part thereof shall be abandoned for such use, said land or such part shall revert to the United States; and the Secretary of the Interior is hereby authorized and empowered to declare such a forfeiture of the grant and to restore said premises to the public domain if at any time he shall determine that the city has for more than one year abandoned the land for the use herein indicated, and such order of the Secretary shall be final and conclusive, and thereupon and thereby said premises shall be restored to the public domain and freed from the operations of this grant," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey to the city of Fallon, Nev., for use as a dumping ground, the following-described lands heretofore withdrawn from entry for irrigation purposes: The southwest quarter southwest quarter section 20 and the northwest quarter northwest quarter section 29, all in township 19 north, range 29 east, Mount Diablo meridian, consisting of 20 acres, more or less, upon condition that the city shall make payment for the land at the rate of \$1.25 per acre within six months after the approval of this act: *Provided*, That there shall be reserved to the United States all oil, coal, or other mineral deposits found at any time in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may prescribe: *Provided further*, That the grant herein is made subject to any valid existing claim or easement, and that the land hereby granted shall be used by the city of Fallon, Nev., only for a dumping ground, and if the said land or any part thereof shall be abandoned for such use said land or such part shall revert to the United States; and the Secretary of the Interior is hereby authorized and empowered to declare such a forfeiture of the grant and to restore said premises to the public domain if at any time he shall determine that the city has for more than one year abandoned the land for the use herein indicated, and such order of the Secretary shall be final and conclusive, and thereupon and thereby said premises shall be restored to the public domain and freed from the operations of this grant.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INSURANCE COMPANIES IN THE DISTRICT OF COLUMBIA

The bill (S. 3584) to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, this appears to be a measure of some importance. I do not see the Senator from Kansas [Mr. CAPPER], who introduced the bill, or the Senator from Utah [Mr. KING], who reported it, in the Chamber. It appears to make changes in the Code of the District of Columbia with regard to the situs of the offices of insurance companies. In the absence of those two Senators, unless some one else will explain it, I will ask that the bill go over for the present.

The VICE PRESIDENT. The bill will be passed over.

LIVESTOCK AND POULTRY QUARANTINE

The Senate proceeded to consider the joint resolution (S. J. Res. 7) for the amendment of the acts of February 2, 1903, and March 3, 1905, as amended, to allow the States to quarantine against the shipment thereto, therein, or through of livestock, including poultry, from a State or Territory or portion thereof where a livestock or poultry disease is found to exist, which is not covered by regulatory action of the

Department of Agriculture, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

The first amendment was, in section 1, page 2, line 10, after the word "into," to strike out the words "or through," so as to make the section read:

That the act of February 2, 1903 (32 Stat. L. 792), as amended by the act of February 7, 1928 (45 Stat. L. 59), be, and the same is hereby, further amended by adding at the end of section 2 thereof the following: *Provided*, That until the Secretary of Agriculture shall have made regulations and taken measures to prevent the introduction or dissemination of the contagion of a contagious, infectious, or communicable disease of livestock, including live poultry, from one State or Territory or the District of Columbia to another, nothing in said act shall prevent or shall be construed to prevent any State, Territory, or District from enacting, promulgating, and enforcing any quarantine, prohibiting or restricting the transportation of any livestock, including live poultry, into such State, Territory, District, or portion thereof, from any other State, Territory, District, or portion thereof, when it shall be found by the State, Territory, or District promulgating or enacting the same, that such contagious, infectious, or communicable disease exists in such other State, Territory, District, or portion thereof: *Provided further*, That no quarantine so enacted shall be based upon a specific test which is not a test recognized and approved by the Secretary of Agriculture: *And provided further*, That the Secretary of Agriculture is hereby authorized, whenever he deems such action advisable and necessary to carry out the purposes of this act, as amended, to cooperate with any State, Territory, or District, in connection with any quarantine, enacted or promulgated by such State, Territory, or District, as specified in the preceding provisos.

The amendment was agreed to.

The next amendment was, in section 2, page 3, line 15, after the word "into," to strike out the words "or through," so as to make the section read:

SEC. 2. That the act of March 3, 1905 (32 Stat. L. 1264), as amended by the acts of March 4, 1913 (37 Stat. L. 831), and February 7, 1928 (45 Stat. L. 59), be, and the same is hereby, further amended by adding at the end of section 1 thereof the following: *Provided*, That until the Secretary of Agriculture shall have determined the fact that cattle or other livestock, including poultry, are affected with a contagious, infectious, or communicable disease, and has quarantined a State, Territory, or the District of Columbia, or a portion thereof, with reference to such disease, as provided in this act, as amended, nothing in said act shall prevent or shall be construed to prevent any State, Territory, or District from enacting, promulgating, and enforcing any quarantine, prohibiting or restricting the transportation of any livestock, including live poultry, into such State, Territory, District, or portion thereof, from any other State, Territory, District, or portion thereof, when it shall be found by the State, Territory, or District promulgating or enacting the same that such contagious, infectious, or communicable disease exists in such other State, Territory, District, or portion thereof: *Provided further*, That no quarantine so enacted shall be based upon a specific test which is not a test recognized and approved by the Secretary of Agriculture: *And provided further*, That the Secretary of Agriculture is hereby authorized, whenever he deems such action advisable and necessary to carry out the purposes of this act, as amended, to cooperate with any State, Territory, or District in connection with any quarantine enacted or promulgated by such State, Territory, or District, as specified in the preceding provisos."

The amendment was agreed to.

Mr. WALSH of Montana. Mr. President, I should like to say that this measure was recommended in hearings held before the Committee on Agriculture and Forestry during the last Congress. It was recommended likewise by the National Association of Veterinarians. It also has the approval of the committee, and a similar measure was passed by the Senate during the last Congress.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "Joint resolution for the amendment of the acts of February 2, 1903, and March 3, 1905, as amended, to allow the States to quarantine against the shipment thereto or therein of livestock, including poultry, from a State or Territory or portion thereof where a livestock or poultry disease is found to exist, which is not covered by regulatory action of the Department of Agriculture, and for other purposes."

CONSERVATION OF RAINFALL

The bill (S. 2290) for the conservation of rainfall in the United States was announced as next in order.

Mr. McKELLAR. Mr. President, I should like to ask the Senator from Texas [Mr. SHEPPARD], who is the author of

the bill, a question regarding it. The bill seems to authorize an additional governmental activity.

Mr. SHEPPARD. It does not authorize an additional activity.

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Texas?

Mr. McKELLAR. Certainly, I yield to the Senator, because I am asking him a question.

Mr. SHEPPARD. It is not a new activity.

Mr. McKELLAR. I want to know if it is going to require the appropriation of any more money? Apparently, on its face, it is an authorization bill, but according to the program adopted by the departments, whenever authority is granted by the Congress to perform additional work, the first thing they do is to establish a \$5,000 chief of bureau, and any number of assistants, and in a short time the new activity develops into a bureau. So in this case we may have a bureau to control or conserve the rainfall of the United States. I do not want to object to the bill, and I am not opposed to the work being done, but I really think we ought not to enlarge the bureaus that already exist or to establish new ones.

Mr. SHEPPARD. This bill does not create any new bureau, and will not lead to the creation of a new one. It seeks to authorize by law work already done under the regular annual appropriation bill.

Mr. SMOOT. Then why should we pass this bill?

Mr. SHEPPARD. So that provision for the work may have the force of law. Under present circumstances provision is made for the work in the appropriation bill each year. It seems to me that work of such importance ought to be authorized by law.

Mr. SMOOT. I see no report from the department, and I will ask that the bill go over.

Mr. SHEPPARD. The report from the department was favorable, but for some reason it was omitted from the printed report on the bill.

The VICE PRESIDENT. Objection is made.

Mr. McKELLAR. Mr. President, if the Senator from Utah will withhold his objection for a moment, before the bill goes over, I want to suggest to the Senator from Texas that if he will put a proviso in the bill to the effect that it does not contemplate the establishment of another bureau or entail any additional appropriation or expense, I am perfectly willing to have the bill considered, but I do not think we ought to authorize the establishment of any new bureaus.

Mr. SHEPPARD. I thank the Senator, and I shall be glad to consider his suggestions.

The VICE PRESIDENT. The bill will go over.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, was announced as next in order.

Mr. FESS. I ask that the joint resolution go over.

The VICE PRESIDENT. The joint resolution will be passed over.

LOSSES DUE TO ERADICATION OF MEDITERRANEAN FRUIT FLY IN FLORIDA

The bill (S. 266) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly was announced as next in order.

Mr. VANDENBERG. I ask that the bill go over.

Mr. TRAMMELL. Mr. President, I do not know who objected to the bill, but I will ask that the objection be withheld for a moment until I may make a statement.

Mr. VANDENBERG. I objected. I assume that this is precisely the same proposition which the Senate on a roll call voted down the other day. Am I correct about that?

Mr. TRAMMELL. It is not precisely the same. It is in substance the same. This bill, however, comes before the Senate with a favorable recommendation on the part of the Committee on Agriculture and Forestry, with some

amendments proposed by the committee. I think we are entitled to have a hearing of this measure, and I dislike very much to have just one Senator bar us from having this matter considered, a matter that has been before Congress off and on for the last two or three years.

The bill merely provides, as I have before said, for a survey and investigation of damages in Florida during the campaign to eradicate the Mediterranean fruit fly. The committee has suggested that an appropriation of only \$10,000 be made. I should like very much to have that amended so as to provide \$25,000, as I think \$10,000 would be quite inadequate.

I can not quite appreciate why any Senator would object to us having this inquiry and examination made. What particular objection has the Senator?

Mr. VANDENBERG. Mr. President, in view of the recent parliamentary history of this particular item, I think it is wholly impossible for it to be passed under the unanimous-consent order, in accordance with which the Senate is now operating. I am perfectly willing for the Senator to have a hearing on the bill whenever there is time for a hearing, but it can not be done under the existing order, in my judgment, in view of the fact that the Senate rather definitely within the last 10 days has declined to consider a kindred proposition; and for the time being I shall insist upon my objection.

The VICE PRESIDENT. The Senator from Michigan objects.

Mr. TRAMMELL. Mr. President, I think I had the floor. The action of the Senate to which the Senator from Michigan refers involved the question of suspending the rules. Such a motion was made in connection with the amendment pending some days ago, just as other Senators at times give notice of a motion to suspend the rules.

I know of a good many Senators who voted against the motion to suspend the rules who are perfectly willing for us to have this bill passed. At that time they were not voting on the merits of the measure. I think that vote was not quite an indication of the sentiment of the Senate. Of course, there were some who voted against it and are probably against anything at all in the nature of relief under the circumstances, but I do not believe the vote was indicative of the real sentiment of the Senate as to the merits of the measure.

Mr. VANDENBERG. It still creates a \$10,000 bureau. There is no argument about that, is there?

Mr. FLETCHER. Mr. President—

Mr. TRAMMELL. I yield to my colleague.

Mr. FLETCHER. I desire to say to the Senator from Michigan, in the first place, that the vote the other day, as my colleague has suggested, was on the question of suspending the rules, not on the merits of the amendment he was going to propose if the rules had been suspended.

Then I desire to suggest one other thing to the Senator from Michigan, and that is this: The committee has stricken out a great deal of the amendment that was suggested the other day. The proposition now is quite different from the amendment that was then proposed. The committee has reported the bill with certain amendments and has stricken out the language that would involve some inquiries that would not be involved if the amendments are agreed to. The bill in its present form merely calls for a survey, which the department, I think, is willing to make, and it has the funds with which to make it. If this appropriation is made, even of \$10,000, the department still has two or three hundred thousand dollars in that fund in its control.

Mr. VANDENBERG. Mr. President, whenever the parliamentary situation permits, the Senator from Florida to move to take up the bill, he can do so. I shall insist upon my objection under the unanimous-consent agreement.

Mr. TRAMMELL. Of course I could make the motion now, but I am not going to do it, because I know a good many Senators who are really favorable to the bill who would be opposed to taking it up by motion and having it

interfere with the consideration of other bills on the calendar. I am very sorry the Senator is not willing to have it taken up at this time.

The VICE PRESIDENT. The bill will be passed over. The clerk will state the next bill on the calendar.

PEARL RIVER BRIDGE, LEAKE COUNTY, MISS.

The Senate proceeded to consider the bill (S. 3836) to authorize the construction of a temporary railroad bridge across Pearl River at a point in or near the northeast quarter section 11, township 10 north, range 8 east, Leake County, Miss., which had been reported from the Committee on Commerce with an amendment, on page 1, line 6, after the words "near the," to strike out "northwest" and insert "northeast," so as to make the bill read:

Be it enacted, etc., That the Pearl River Valley Lumber Co. is hereby authorized to construct a temporary railroad bridge connecting its timber holdings and its lands and timber across Pearl River at a point in or near the northeast quarter section 11, township 10 north, range 8 east, Leake County, Miss., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RECONSTRUCTION FINANCE CORPORATION—LOANS TO FARMERS

The Senate proceeded to consider the joint resolution (S. J. Res. 116) relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act.

Mr. JONES. Mr. President, I have no objection to the joint resolution, but I desire to offer an amendment to its wording. After the word "purposes," in line 9, I move to insert the words "which shall include summer fallowing in 1932 for the crop of 1933."

The reason why I offer that amendment is this: There are several counties in the State of Washington which need this relief, and I think there are probably also some in Montana, where the growing of crops has to be done by summer fallowing. That means that the ground plowed this year will be left over until next year.

The VICE PRESIDENT. The Senator from Washington offers an amendment, which will be stated.

The CHIEF CLERK. On page 1, line 9, after the word "purposes," it is proposed to insert the words "which shall include summer fallowing in 1932 for the crop of 1933."

Mr. PATTERSON. Let the joint resolution go over.

The VICE PRESIDENT. The Senator from Missouri objects, and the joint resolution will be passed over.

Mr. THOMAS of Idaho. Mr. President—

The VICE PRESIDENT. The Senator from Missouri has objected.

Mr. THOMAS of Idaho. I should like to ask the Senator from Missouri to withhold his objection for just a minute.

This joint resolution simply makes immediately available the fund appropriated in the Reconstruction Finance Corporation act. The Secretary of Agriculture has set up the administration of this act in all the States. These funds must be used within the next 60 days or they are of no value to the farmer, and the thought of this bill is simply to authorize the transfer immediately.

Mr. PATTERSON. Mr. President, in a conference with the Secretary of Agriculture he asked that the joint resolution go over. I am not familiar with the merits or the demerits of the joint resolution. Therefore I shall have to insist upon my objection.

The VICE PRESIDENT. Objection being made, the joint resolution will be passed over.

BILL PASSED OVER

The bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor for the fiscal

year ending June 30, 1933, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

LITTLE TRUCKEE RIVER RESERVOIR, CALIF.

The bill (S. 3744) for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River was announced as next in order.

Mr. FESS. Let that go over.

Mr. ODDIE. Mr. President, I ask the Senator from Ohio if he will withdraw his objection for a moment.

Mr. FESS. I withhold it, but I will not withdraw it.

Mr. ODDIE. Mr. President, this is a bill that passed the Senate last year, after several delays. It passed too late for the House to act on it. The Secretary of the Interior last year wrote a letter to the Senator from Washington [Mr. Jones] stating that if certain amendments which have been included in the bill were included he would have no objection to the bill. It means a great deal to the State of Nevada and to portions of the State of California in consummating an agreement between the two States which has been under consideration for some time. It involves a very important problem, and I ask the Senator if he will not withdraw his objection.

Mr. FESS. Mr. President, I notice that the Secretary of the Interior says that while he has no objection to this measure—

Senator ODDIE will, of course, clearly understand that passage of this bill will not expedite construction of the project contemplated by his bill. The reclamation fund has no money available and the appropriations now pending in Congress for the reclamation fund are restricted to projects already in construction, and will be so used.

I see no reason why this bill should pass, under those circumstances.

Mr. ODDIE. May I answer the Senator by saying that in the letter of the Secretary he states that nothing can be done until an agreement is reached with the parties in interest in Nevada which will provide for the repayment of this money to the Government. It is a matter of vital importance to thousands of people in that country.

Mr. FESS. Does the Senator think he can get an authorization of \$750,000 in five years under the circumstances under which we are working now?

Mr. ODDIE. This matter was debated in the Senate last year, and the bill was passed by the Senate. It means so much to our State that I ask the Senator if he will not withdraw his objection and let the bill go through.

Mr. FESS. No; I will not, Mr. President.

The VICE PRESIDENT. The Senator from Ohio objects, and the bill will be passed over.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Ohio a question?

Mr. FESS. Certainly.

Mr. ROBINSON of Arkansas. Just a moment ago we were informed by the Senator from Missouri [Mr. PATTERSON] that Order of Business No. 427, Senate Joint Resolution 116, relating to the allocation of funds to the Secretary of Agriculture under the Reconstruction Finance Corporation act, should go over because the Secretary of Agriculture did not want the Senate to consider it now. The Secretary of Agriculture, it seems, had requested the Senator from Missouri to object to the consideration of the bill. The Senator from Missouri stated that he knew nothing about the merits of the joint resolution, but that at the request of the Secretary he would object to its consideration. I assume that the Senator from Ohio is not reflecting any such request from the Secretary of the Interior.

Mr. FESS. Not at all.

Mr. ROBINSON of Arkansas. It has not become a general practice for Cabinet officers to request the Senate to consider or not to consider bills on its calendar. So far as I

know, the Secretary of Agriculture is the only one who indulges in that unusual practice.

Mr. FESS. No such request has ever been made to me by any member of the Cabinet. The only point is that \$750,000 is involved in this measure. I want to look into it, since the Secretary of the Interior states that it can not be used at this time. If it can be, and we have the money, I shall withhold my objection later on.

The VICE PRESIDENT. Objection being made, the bill will be passed over. The clerk will state the next bill on the calendar.

WILLIE HUTCHINSON

The Senate proceeded to consider the bill (S. 1295) for the relief of Willie Hutchinson, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, after the word "service," to insert "Provided, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act," so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Willie Hutchinson, formerly private, Three hundred and nineteenth Labor Company, United States Army, shall hereafter be held and considered to have been honorably discharged March 6, 1919, from the military service of the United States, by reason of physical unfitness for military service: Provided, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WICHITA, ETC., INDIANS IN OKLAHOMA

The Senate proceeded to consider the bill (S. 1719) amending the act of Congress entitled "An act authorizing the Wichita and affiliated bands of Indians in Oklahoma to submit claims to the Court of Claims," approved June 4, 1924, which had been reported from the Committee on Indian Affairs with an amendment, on page 2, line 7, after the word "Indians," to insert "Provided, That the balance of such judgment shall be placed in the United States Treasury to the credit of the Indians entitled thereto, where it shall draw interest at the rate of 4 per cent per annum, and shall be thereafter subject to appropriation by Congress for educational, health, industrial, and other purposes for the benefit of said Indians, and no part of said judgment shall be paid out in per capita payments to said Indians unless authorized by Congress," so as to make the bill read:

Be it enacted, etc., That section 3 of the act of Congress entitled "An act authorizing the Wichita and affiliated bands of Indians in Oklahoma to submit claims to the Court of Claims," approved June 4, 1924 (43 Stat. 366), be, and the same hereby is, amended to read as follows:

"SEC. 3. That upon the final determination of such suit or suits the Court of Claims shall have jurisdiction to fix and determine a reasonable fee, not to exceed 10 per cent of the recovery, together with all necessary and proper expenses incurred in the preparation and prosecution of said suit or suits, to be paid to the attorneys employed by said Wichita and affiliated bands of Indians, and the same shall be included in the decree and paid out of any sum or sums found to be due said Indians: Provided, That the balance of such judgment shall be placed in the United States Treasury to the credit of the Indians entitled thereto, where it shall draw interest at the rate of 4 per cent per annum, and shall be thereafter subject to appropriation by Congress for educational, health, industrial, and other purposes for the benefit of said Indians, and no part of said judgment shall be paid out in per capita payments to said Indians unless authorized by Congress."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 3536) for the relief of Jerry O'Shea was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

AMENDMENT OF NAVIGATION RULES FOR GREAT LAKES

The bill (S. 3908) to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes

and Their Connecting and Tributary Waters was considered by the Senate and was read, as follows:

Be it enacted, etc., That title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters, approved February 8, 1895, be, and it is hereby, amended as follows:

"SEC. 252. LIGHTS OF STEAM VESSELS UNDER WAY

"Rule 3. Except in the cases hereinafter expressly provided for, a steam vessel when under way shall carry:

"(a) On or in front of the foremast, or if a vessel without a foremast, then in the fore part of the vessel, at a height above the hull of not less than 20 feet, and if the beam of the vessel exceeds 20 feet, then at a height above the hull not less than such beam, so, however, that such height need not exceed 40 feet, a bright white light so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass, so fixed as to throw the light 10 points on each side of the vessel, namely, from right ahead to 2 points abaft the beam on either side, and of such character as to be visible at a distance of at least 5 miles: *Provided, however, That such vessels built to navigate the New York State Barge Canal or other similar canals where the bridges prevent them from carrying the headlight at the height prescribed herein, shall carry such headlight not less than 20 feet above the hull.*"

Sec. 2. This act shall take effect April 15, 1932.

Mr. ROBINSON of Arkansas. Mr. President, this appears to be a bill of some importance. I ask that the Senator who introduced it explain its provisions.

Mr. JOHNSON. Mr. President, this bill was introduced at the instance of the Commerce Department. It is not the bill of any individual Senator at all. The department sent the bill to the Vice President, and the Vice President transmitted it to the Commerce Committee.

The bill is designed to take care of those instances in the carrying of the red light where there are already built bridges, and the light can not be carried upon vessels at the height fixed by law; so that, as I understand the bill—I looked at the matter very hastily when it came before our committee—it makes the following exception:

Provided, however, That such vessels built to navigate the New York State Barge Canal or other similar canals where the bridges prevent them from carrying the headlight at the height prescribed herein, shall carry such headlight not less than 20 feet above the hull.

Mr. ROBINSON of Arkansas. The report of the Acting Secretary of Commerce indicates that the bill does not add any new personnel or expenditure.

Mr. JOHNSON. Nothing, so the Commerce Department stated to us.

Mr. ROBINSON of Arkansas. I have no objection to its consideration.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2355) to define, regulate, and license real-estate brokers and real-estate salesmen, to create a real-estate commission in the District of Columbia, to protect the public against fraud in real-estate transactions, and for other purposes, was announced as next in order.

Mr. REED. Mr. President, it is obviously impossible for the Senate to consider a bill of such length under the 5-minute rule. I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

SALE OF SECURITIES IN THE DISTRICT OF COLUMBIA

The bill (S. 3362) to prevent fraud in the promotion or sale of stock, bonds, or other securities sold or offered for sale within the District of Columbia; to control the sale of the same; to register persons selling stocks, bonds, or other securities; to provide punishment for the fraudulent or unauthorized sale of the same; to make uniform the law in relation thereto, and for other purposes, was announced as next in order.

Mr. REED. Mr. President, I make the same request, for the same reason.

The VICE PRESIDENT. The bill will be passed over.

SEWAGE-DISPOSAL INVESTIGATION

The resolution (S. Res. 44) providing for a Public Health Service investigation of District of Columbia sewage-disposal

methods in the Potomac River was read and agreed to, as follows:

Resolved, That the Surgeon General of the United States Public Health Service is requested to make an investigation of conditions resulting from the present method of disposing of sewage from the District of Columbia in the Potomac River with a view to determining (1) the extent to which such disposal constitutes a menace to public health and an annoyance to the residents along the river and destroys the fish and oysters in such river and makes them unfit for human consumption and (2) whether there is a more suitable method of disposing of such sewage and, if so, the estimated cost thereof. The Surgeon General shall report to the Senate as soon as practicable the results of such investigation, together with his recommendations.

EASTERN DISPENSARY AND CASUALTY HOSPITAL

The bill (S. 1307) providing for an appropriation toward the alteration and repair of the buildings of Eastern Dispensary and Casualty Hospital was announced as next in order.

Mr. McKELLAR. Mr. President, I would like to have some explanation of this bill. Does the Eastern Dispensary and Casualty Hospital belong to the Government of the United States?

Mr. CAPPER. It does not.

Mr. McKELLAR. To whom does it belong?

Mr. CAPPER. There is a board in charge of it. It is a private institution.

Mr. McKELLAR. We are asked in this bill to authorize the expenditure of \$50,000 for the alteration and repair of property which does not belong to the Government of the United States or to the city of Washington?

Mr. CAPPER. Let me ask the Senator from New York, who had charge of the bill, to give the information to the Senator.

Mr. COPELAND. Mr. President, in this city the emergency and ambulance work is done by private hospitals, the Emergency Hospital at one end of the city and the Casualty Hospital at the other. Both of those institutions are privately owned, but in order to carry on this emergency work it is necessary that there should be certain improvements made at the Casualty Hospital, and they have no funds for making them. The bill simply provides for work at that hospital which will make it possible to continue their ambulance and emergency work. I think it ought to be passed.

Mr. BINGHAM. Mr. President, I ask the chairman of the Committee on the District of Columbia whether there was any report from the Commissioners of the District of Columbia.

Mr. CAPPER. Yes. There is a report. It does not approve the bill.

Mr. BINGHAM. The Commissioners of the District oppose it?

Mr. CAPPER. They think it is possibly a dangerous precedent, and that other institutions might ask the same favor, but the commissioners believe that the institution is worthy and is doing a good work.

Mr. McKELLAR. Mr. President, I ask that the bill go over.

Mr. REED. Mr. President, before it goes over, may I ask a question?

Mr. McKELLAR. I withhold my request.

Mr. REED. If the Commissioners of the District have actually reported on this bill, whether adversely or favorably, does not the Senator from New York think that in fairness to the Senate their letter should be included in the report?

Mr. COPELAND. I think it should be. It is fair to say that they said it was contrary to the present fiscal plan. Naturally, in desiring to have economies perfected, they were in opposition to it.

Let me call the attention of the Senator to the fact that it is an authorization. It would have to be fought out in the Committee on Appropriations as to whether it is a worthy, worth-while, and needed improvement. Personally, I think it is. I think the Committee on Appropriations should pass upon the merits of the request.

Mr. REED. I suggest to the Senator that before the bill comes up again the report should be revised to include the commissioners' opinion.

Mr. COPELAND. I have no objection to that.

The PRESIDING OFFICER (Mr. BINGHAM in the chair). On objection, the bill will be passed over, and under the unanimous-consent agreement, the clerk will report the first bill on the calendar.

INVESTIGATION OF BOSTON POST-OFFICE GARAGE LEASE

The bill (S. 88) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof, was announced as first in order on the calendar.

Mr. BLAINE. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF IMMIGRATION ACT

The bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended, was announced as next in order.

The PRESIDING OFFICER. The bill will be passed over, in the absence of the Senator from Georgia [Mr. HARRIS], who reported the bill from the Committee on Immigration.

MAILING OF UNSOLICITED MERCHANDISE

The bill (S. 1663) to prohibit the sending of unsolicited merchandise through the mails was announced as next in order.

Mr. McNARY. Mr. President, the junior Senator from Maryland [Mr. GOLDSBOROUGH], who is necessarily absent, has left with me an amendment to this bill, which I now propose.

Mr. BRATTON. Mr. President, the author of the bill is absent. In his absence, I ask that it may go over.

Mr. McNARY. I have no objection to it going over, but I would like to have the RECORD show that the amendment of the Senator from Maryland has been offered.

The PRESIDING OFFICER. Let the amendment be read.

The CHIEF CLERK. The Senator from Oregon [Mr. McNARY], in behalf of the Senator from Maryland [Mr. GOLDSBOROUGH], offers the following amendment: On page 1, line 7, to insert "except any religious, charitable, or eleemosynary society or institution: *Provided*, That the Postmaster General may provide by suitable regulations for the submission of applications by any such religious, charitable, or eleemosynary society or institution, accompanied with satisfactory evidence of its bona fides, for the privilege of sending through the mails unsolicited merchandise bearing the pledge of the sender to pay the return postage if undeliverable or refused."

The PRESIDING OFFICER. Does the Senator from Oregon wish to have the amendment considered as pending?

Mr. ROBINSON of Arkansas. Let the amendment go over with the bill. I think the amendment will require some consideration.

The PRESIDING OFFICER. The amendment will be considered as pending, and the bill will be passed over.

MARY WILLOUGHBY OSTERHAUS

The bill (S. 209) granting an increase of pension to Mary Willoughby Osterhaus was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The bill will go over.

ROSA E. PLUMMER

The Senate proceeded to consider the bill (S. 111) for the relief of Rosa E. Plummer, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and to insert:

That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Rosa E. Plummer, a former employee in the Bureau of Engraving and Printing: *Provided*, That compensation, if any, shall commence from and after the date of the passage of this act

Mr. ROBINSON of Arkansas. Mr. President, this bill as proposed to be amended becomes of considerable impor-

tance. I inquire of the Senator in charge of the bill whether there are precedents for waiving the provisions of a general statute in favor of an individual?

Mr. HOWELL. Mr. President, this is the case where the claimant failed to file her claim until two years after the claim arose. The bill originally provided that the claimant should be placed on the roll and paid, but it was amended by the committee so that the claimant would merely have the right to appear before the Compensation Commission; that is, we merely waived the statute of limitations and provided that if any allowance were made it should not be retroactive.

Mr. ROBINSON of Arkansas. Mr. President, I would like to inquire why the statute of limitations should be waived in favor of a single claimant? Of course, the object of the statute of limitations is to shut off claims. It is conceivable that there might be something in the case of an individual which would make an exception on the merits of the proposition. There might be reasons for it, but it is an unusual precedent.

Mr. COUZENS. Mr. President, I may say that there is quite a conflict of policy in the Senate with respect to waiving the statute of limitations. The chairman of the Committee on Finance will bear me out in the statement that the committee refuses to recognize bills where the statute of limitations is to be waived for the collection of claims; but the Committee on Claims, of which the junior Senator from Nebraska [Mr. HOWELL] is chairman, is waiving the statute of limitations in a number of cases. The Finance Committee is being criticized for not waiving the statute, and the Committee on Claims is being acclaimed for waiving the statute of limitations.

It does seem to me that there should be some uniform policy in the Senate as to whether or not we are going to waive the statute of limitations where individual claims are presented. One committee is doing it, and another committee is refusing to do it.

Mr. ROBINSON of Arkansas. In addition to that, we are waiving it in the case of one claimant and refusing to waive it in the case of another claimant.

Mr. COUZENS. That is exactly true.

Mr. ROBINSON of Arkansas. I very much doubt the wisdom and the policy of such legislation.

Mr. HOWELL. Mr. President, we have a number of cases coming before the Committee on Claims asking that the statute of limitations be waived, and other cases where they ask that even irrespective of the action of the Compensation Commission refusing relief, the claimant should be placed upon the pension roll.

The Committee on Claims in a number of cases has compromised, and merely allowed the claimants to go before the commission and prove their cases. That has been the practice; it was the practice long before I became chairman, and has been followed to a certain extent, but I am free to say that many times when a request for a waiver of the statute of limitations has been made the committee has refused such request.

Mr. ROBINSON of Arkansas. Are there circumstances in this particular case which, in the opinion of the committee, made it equitable to waive the statute?

Mr. HOWELL. I think what influenced the committee was that although this woman had been an employee of the Government for but four months in 1914, and for about one year and three months ending in May, 1918, she claimed that she had become blind because of being subjected to the glare of the electric lights. She did not make a claim until two years after her services terminated.

There are those who seem to think that she is entitled to consideration. The committee simply decided that they would allow her to go before the Compensation Commission and prove her case, notwithstanding the statute of limitations.

Mr. COUZENS. Mr. President, I wish to say that the comments I made previously had no reference to personal-injury claims, or claims for illness, or anything of that sort.

I had particular reference to claims for money made by institutions which had let the statute run, and were taking advantage of a decision of some court after the court had rendered a decision which enabled them to file a claim.

I was not making reference to the personal-injury cases to which the Senator from Nebraska has referred, and I do not want to be misunderstood, because I am quite in sympathy with the Senator's view about these personal-injury claims.

Mr. ROBINSON of Arkansas. Mr. President, I have read the report, and in view of the statements in it, and the statement made by the Senator from Nebraska, I do not desire to object to the consideration of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL MUSEUM OF ENGINEERING AND INDUSTRY

The bill (S. 2642) to establish a commission to be known as a Commission on a National Museum of Engineering and Industry was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF TARIFF ACT

The bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, which had been reported from the Committee on Finance adversely, was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

REORGANIZATION OF EXECUTIVE AGENCIES

The joint resolution (S. J. Res. 76) authorizing the President to reorganize the executive agencies of the Government was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

DEPRECIATION OF FOREIGN CURRENCY VALUES

The resolution (S. Res. 156) to investigate the effect of the depreciation of foreign-currency values upon importations of important commodities into the United States, and for other purposes, was announced as next in order.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

SECOND POLAR YEAR PROGRAM

The bill (S. 2377) authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year Program, August 1, 1932, to August 31, 1933, was announced as next in order.

Mr. ODDIE. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

SHORT, ROSS, SHAW, AND MAYHOOD

The bill (S. 212) for the relief of Messrs. Short, Ross, Shaw, and Mayhood was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$60 to Messrs. Short, Ross, Shaw, and Mayhood, of Calgary, Alberta, Canada, for services performed in connection with the extradition of one Emmett A. Busby, who had been indicted in the United States District Court for the Southern District of California on a charge of concealment of assets of a bankrupt estate.

KENNETH CARPENTER

The bill (S. 213) authorizing adjustment of the claim of Kenneth Carpenter was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of Kenneth Carpenter for blood furnished August 29, 1930, for transfusion to Clarence C. Watson, a patient in a Government hospital, and to allow in full and final settlement of said claim an amount not in excess of \$30. There is hereby appro-

riated, out of any money in the Treasury not otherwise appropriated, the sum of \$30, or so much thereof as may be necessary, for the payment of such claim.

OREM WHEATLEY ET AL.

The bill (S. 219) authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claims of Orem Wheatley for blood furnished April 15, 1931, and Kenneth Blaine for blood furnished April 22, 1931, for transfusions to Edwin Grinnell, a patient in a Government hospital, in amounts not in excess of \$30 and \$20, respectively; and, also, the claim of Joseph R. Ball for blood furnished June 30, 1931, for transfusion to Harry Blair, also a patient in a Government hospital, in an amount not in excess of \$42, and to allow in full and final settlement of said claims amounts not in excess of the amounts herein stated. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$92, or so much thereof as may be necessary for the payment of said claims.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 2335) for the relief of O. R. York was announced as next in order.

Mr. SMOOT. Let the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1856) to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes, was announced as next in order.

Mr. DICKINSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 36) to change the name of the island of "Porto Rico" to "Puerto Rico" was announced as next in order.

Mr. TYDINGS. Over.

The bill (S. 2062) for the relief of Adam Augustus Shafer was announced as next in order.

Mr. DICKINSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2059) for the relief of Albert Ross was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2060) for the relief of Otto Schluter was announced as next in order.

Mr. SMOOT. Let the bill go over.

Mr. HALE. Mr. President, I would like to ask the Senator if he will not withdraw his objection to these bills? A number of such bills have been reported out by the Committee on Naval Affairs, the purpose of which is to hold and consider that certain men were honorably discharged from the naval service so that they may be able to apply for pension benefits. In all of these cases the committee has taken the view that if a man has had honorable service in war and has had at some time an honorable discharge, we would waive a later dishonorable discharge and consider his record as cleared.

Mr. SMOOT. But that is not all that is involved in the bill.

Mr. HALE. To which bill is the Senator referring?

Mr. SMOOT. I am referring to Calendar No. 216, Senate bill 2060. I objected to the preceding one on the same basis. The Secretary of the Navy said:

This bill, if enacted into law, would probably make Ross eligible for a Spanish War pension of from \$20 to \$50 a month. In view of the foregoing, the Navy Department recommends against the enactment of the bill (S. 2059).

If the recommendation is against the bill, I certainly would not want to undertake to consider it under the 5-minute rule. Let the bill go over.

Mr. HALE. The Senator objects to the bill?

Mr. SMOOT. Yes; and to all similar bills.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2375) for the relief of Roscoe Meadows was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and for other purposes, was announced as next in order.

Mr. BRATTON. Mr. President, realizing that this bill will provoke some discussion, I ask that it be passed over.

The PRESIDING OFFICER. The bill will be passed over.

CREDIT UNIONS

The bill (S. 1153) to provide for the incorporation of credit unions within the District of Columbia was announced as next in order.

Mr. DICKINSON. Over.

Mr. BLAINE. Mr. President, I trust the Senator will withhold his objection for a moment and will later withdraw his objection.

The bill is designed for the assistance of certain people who can not borrow money from the banks, who are not taken care of under the Reconstruction Finance Corporation act, who are not taken care of by any legislation whatever. The bill is designed for the purpose of permitting groups of seven or more to join together in mutual associations for the purpose of affording a system of small loans to those who are members of the association. I know of no objection to the bill. The District Commissioners favor it. I think every citizens' organization of the District of Columbia favors it. I know of no objection. In fact, I know of no reason why the bill should not pass. It passed at the last session of the Senate.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. BLAINE. I yield.

Mr. McKELLAR. Does the bill entail any outlay of money on the part of the Government?

Mr. BLAINE. If it did, that would make no difference. I want to invite the attention of the Senator to the fact that the Congress passed a \$2,000,000,000 loan bill which entailed a great deal of expense to the United States.

Mr. McKELLAR. Yes; and I voted against it.

Mr. BLAINE. This bill does not provide for the expenditure of even a postage stamp on the part of the people of the United States.

Mr. DICKINSON. Mr. President, I have no objection to the legislation in time, but there is a feeling on the part of some of the banking institutions in Washington that it would be detrimental to have this additional element enter into the financial atmosphere of the city at this time. I have no objection to the passage of the measure in time, but I think it ought to wait a little while, pending the clarifying of the financial atmosphere of the country.

Mr. BLAINE. May I ask who those district bankers are, so we may know who is opposing the bill?

Mr. DICKINSON. I prefer not to give any names. I am not here to oppose the legislation. I am simply asking that it be delayed a little while.

Mr. BLAINE. I want to know if the Senator can name an interest in the District that would oppose the bill?

Mr. DICKINSON. I do not desire to be subjected to questions of that kind. I ask that the bill go over.

Mr. CAPPER. Mr. President, may I say a word along the line of the statement of the Senator from Wisconsin. I think there is little objection even on the part of the bankers of the District of Columbia to the legislation. A few, I know, are opposed to it, but I think they take a narrow view of the proposed legislation. A similar law has been enacted in 35 States. There are 235 cities in the United States where Federal employees have taken advantage of the credit union laws of their States. The District of Columbia should have such a law. There is an overwhelming sentiment in this city, especially among the Federal employees

and labor groups, for the enactment of legislation of this character. I hope it will have the approval of the Senate.

The PRESIDING OFFICER. On objection, the bill will be passed over.

CAPT. JACOB M. PEARCE

The bill (S. 1003) for the relief of Capt. Jacob M. Pearce, United States Marine Corps, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, until I can have a conference with the Senator from Maryland [Mr. TYDINGS] I ask that the bill go over.

Mr. TYDINGS. Mr. President, I think I can explain in a very few words just what the bill does, with the permission of the Senator from Arkansas.

In 1919 Lieutenant Pearce was in the Marine Corps, took an examination, and passed it, for promotion from first lieutenant to captain. He was notified that he would be appointed a captain; but owing to the fact of certain legislation pending in Congress his commission did not come through, although he was then filling the position as temporary captain. Subsequent to that a bill did pass, and, due to a fault in the legislation, Captain Pearce was the only man left off of the list.

The bill has the approval of the Navy Department. It carries no extra money with it, and it is only a matter of simple justice to restore Captain Pearce to his place on the list where legislation inadvertently precluded him from being placed. I hope the Senator will not object.

Mr. ROBINSON of Arkansas. I will say to the Senator from Maryland that it is represented to me that the bill establishes a precedent about which there is much contention in the Navy. I am going to ask that the bill go over for the present.

Mr. TYDINGS. I do not think it does; but I shall be glad to confer with the Senator.

The PRESIDING OFFICER. On objection of the Senator from Arkansas the bill will be passed over.

GEORGE EDWIN GODWIN

The bill (S. 1009) for the relief of George Edwin Godwin was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

REGULATIONS FOR LIGHTER SERVICE

The bill (S. 2883) prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting the safety of navigation was considered. The bill had been reported from the Committee on Commerce, with an amendment, on page 1, line 5, after the word "transported," to insert the words "pilot boats excepted," so as to make the bill read:

Be it enacted, etc., That it shall be unlawful for any person, firm, or corporation to operate any ship, boat, barge, or other means of transportation on which passengers are carried, or transported, pilot boats excepted, from any port, landing, or wharf in the United States to any ship, barge, boat, or vessel anchored, or standing 3 or more miles offshore, without first obtaining from the Secretary of Commerce of the United States a permit to operate such vessel, such permit to be in such form and of such duration as the Secretary of Commerce of the United States may prescribe. A copy of this permit shall be kept on board each vessel and shall be exhibited on demand by qualified boarding officers, the original of such permit to be recorded in the customhouse of the port out of which such vessels operate.

Sec. 2. Before any such permit is issued for the operation of any such vessel the owner of same, or his authorized agent, shall make application therefor to the Secretary of Commerce of the United States, in which application the name or names and address or addresses of the owner or owners of such craft shall be set forth; also the port or place from which such vessel, or vessels, are to be operated; also the maximum number of persons such vessel will carry.

Sec. 3. If upon full investigation the Secretary of Commerce finds that the operation of such vessel is, or may become, a menace to navigation, or endangers human life, or is to be operated for the purpose of transporting passengers to or from any stationary or anchored vessel, barge, or other craft of similar character engaged in any business or occupation prohibited by law at the place of landing by said vessel covered by this act, the Secretary of Commerce shall deny such application and no permit for the operation of such vessel shall be issued.

SEC. 4. The Secretary of Commerce is hereby authorized to prescribe such regulations as may be necessary to carry out the purposes of this act, and such regulations shall have the force of law.

SEC. 5. For any violation of any of the provisions of this act or of the regulations issued thereunder, the owner of the vessel shall be subject to a penalty of \$500 for which the vessel shall be liable and may be seized and proceeded against in any district in which she may be found; and the master or operator of such vessel shall be subject to a penalty of \$300.

SEC. 6. The Secretary of Commerce is hereby authorized to mitigate or remit any penalty incurred for violation of this act on such terms as he may deem proper.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND RESOLUTION PASSED OVER

The bill (S. 1469) to authorize certain officers of the United States Navy and Marine Corps to accept such decorations, orders, and medals as have been tendered them by foreign governments in appreciation of services rendered was announced as next in order.

Mr. HALE. Mr. President, the last time we had a call of the calendar the Senator from Washington [Mr. JONES] objected to the consideration of the bill. In his absence I think it should be passed over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. BARKLEY. Mr. President, my attention was distracted when Order of Business 235, S. 2883, was acted on a moment ago. I wish to inquire of the Senator from California [Mr. JOHNSON] whether that is the bill which seeks to amend regulations with reference to all sorts of craft on navigable streams throughout the United States, concerning which I have received many protests.

Mr. JOHNSON. The bill provides for lighter service where ships are beyond the 3-mile limit. It is a bill which has the approval of the department and is a peculiarly important bill, particularly at this time, to the city of Long Beach.

The PRESIDING OFFICER (Mr. BINGHAM in the chair). The bill referred to by the Senator from Kentucky is now being considered by a subcommittee of which the present occupant of the chair is chairman.

Mr. JOHNSON. I beg the Senator's pardon; I was referring to another bill entirely.

Mr. BARKLEY. I thank the Chair.

The resolution (S. Res. 166) to print the pamphlets entitled "Draft of Mooney-Billings Report" and "Appendix Containing Official Documents" was announced as next in order.

Mr. FESS. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 2494) to amend section 4 of the legislative, executive, and judicial appropriation act, passed and approved March 4, 1925, relating to the compensation of Members of and Delegates to Congress, which had been reported adversely from the Committee on Civil Service, was announced as next in order.

Mr. JOHNSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2495) to repeal section 17 of the act passed and approved July 28, 1866, relating to mileage of Members of Congress, which had been reported adversely from the Committee on Civil Service, was announced as next in order.

Mr. JOHNSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 95) to amend the second paragraph of section 6 of the civil service retirement act of May 29, 1930 (relating to persons retired for disability), was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3051) to reinstate Lawrence L. Myatt and Miller S. Burgin as midshipmen in the United States Naval Academy was announced as next in order.

Mr. BRATTON. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 276) for the construction and equipment of a hospital on Crow Indian Reservation was announced as next in order.

Mr. REED. Mr. President, I notice that the Indian Commissioner recommends against the bill. I think it ought to be explained, at least, so I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2987) providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation in the State of Montana was announced as next in order.

Mr. REED. I make the same request.

The PRESIDING OFFICER. The bill will be passed over.

SEIZURE OF PROPERTY IN LIQUOR LAW VIOLATIONS

The bill (S. 3654) to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violations of liquor laws was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any vehicle, vessel, or other conveyance used in the transportation of intoxicating liquors, unlawfully, into the Indian country or other restricted area within or adjoining an Indian reservation, and which under proper proceedings by the Federal court is authorized to be sold or destroyed, may upon order of the court be transferred to the Indian Service for its use in the enforcement of the law or other official purposes; said property, when so transferred to the Indian Service, to be accounted for as is all other property of a similar nature.

SEC. 2. Any articles of supplies seized and ordered sold or destroyed, under similar conditions by the Federal court, may be transferred to the Indian Service for use in its activities, and when so transferred shall be accounted for by the bonded superintendent or other official.

BILL PASSED OVER

The bill (S. 51) to authorize the building up of the United States Navy to the strength submitted by the Washington and London naval treaties was announced as next in order.

Mr. WALSH of Montana. I ask that the bill may go over.

The PRESIDING OFFICER. The bill will be passed over.

FARM BOARD SALARIES

The bill (S. 2493) to amend section 2 of an act known as the agricultural marketing act, passed and approved June 15, 1929, relating to salaries of members and employees, was announced as next in order.

Mr. FRAZIER. Mr. President, this bill has to do with an amendment to the agricultural marketing act in regard to the salaries of the members of the board and employees. It limits the salary of any member or employee of the board to not to exceed \$15,000. The cooperative organizations affiliated with the Farm Board object to this limitation, as they say the limitation will tie their hands and in some instances they will not be able to get men who are particularly qualified to do the work which they have to do in connection with wheat and cotton, involving the handling of hundreds of millions of bushels of wheat. So, Mr. President, I ask unanimous consent that the bill may be recommitted to the Committee on Agriculture and Forestry for further hearing.

Mr. BORAH. Mr. President, reserving the right to object, my understanding is that the Senator is a member of the Committee on Agriculture and Forestry.

Mr. FRAZIER. Yes; I am.

Mr. BORAH. And the sole purpose of sending the bill back to that committee is to give the cooperatives an opportunity to be heard?

Mr. FRAZIER. That is correct.

Mr. BORAH. Of course, in view of the fact that they did not have a hearing, I can hardly object to their having an opportunity to be heard; but I hope the Senator will see that the bill is returned to the calendar as soon as the hearing shall be concluded.

Mr. McNARY. Mr. President, may I advise the Senator from Idaho that, anticipating such a request as that made this morning, I appointed a subcommittee of the Committee on Agriculture and Forestry, of which the Senator from North Dakota [Mr. FRAZIER] is chairman, and hearings are to be had on the 19th of the present month.

Mr. BORAH. I assume there will not be any difficulty about reporting the bill out of the committee again?

Mr. McNARY. I think not.

Mr. BORAH. I will not object, for the sole reason that I suppose any one is entitled to be heard, even one who favors an increase of salaries.

Mr. TRAMMELL. Mr. President, I will not object, but I want to suggest to the subcommittee that they make inquiry of some one other than those who are directly or indirectly interested in the salaries that are being paid, or else will make inquiry of some one who is not dominated by those who are enjoying these enormous salaries at the present time. I was utterly astounded when I looked up the record and found that many of those serving the co-operative organizations were drawing salaries of \$25,000 a year, or \$35,000 a year, and in one case \$50,000 a year, and in another case \$75,000 a year.

Of course, those directing these organizations may have their views about it, but I myself do not believe it is necessary to take a man who has been drawing only \$12,000 a year previously and give him \$75,000 per annum in order to obtain his services in this character of work.

Mr. BORAH. No; and I do not think anybody else thinks so, but still, at the same time, I suppose they are entitled to be heard.

Mr. TRAMMELL. I thoroughly agree with the Senator from Idaho in that respect.

Mr. WALSH of Montana. Mr. President, I wish the Senator from North Dakota would kindly explain to us how the cooperatives are interested particularly in what salaries are paid to employees of the Farm Board. I can understand very readily how they can be interested in salaries paid to their own officers.

Mr. FRAZIER. An amendment was put in the bill which provided, in substance, that it should include any co-operative organization affiliated with the Farm Board.

Mr. BORAH. That is not the language of the bill at all. The language of the bill is:

That no compensation or salary in excess of \$15,000 a year shall be paid to any person heretofore or hereafter employed by the Federal Farm Board.

Then it provides that loans shall not be made to cooperatives that pay more than \$15,000 a year to any of their officers or employees.

The PRESIDING OFFICER. The Chair understands the Senator from North Dakota to request that the bill be recommitted to the Committee on Agriculture and Forestry. Is there objection? The Chair hears none, and the bill is recommitted to the Committee on Agriculture and Forestry.

ORDER OF BUSINESS

Mr. ODDIE obtained the floor.

Mr. McNARY. Mr. President—

Mr. ODDIE. Does the Senator from Oregon desire to make a motion?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Oregon?

Mr. ODDIE. I yield.

Mr. McNARY. I understand that under the unanimous-consent agreement, so cordially entered into by the Senate a few moments ago, we have now reached the last bill on the calendar?

The PRESIDING OFFICER. That is correct.

Mr. McNARY. Yesterday's call of the calendar and that of to-day have permitted us to consider during the morning hour all unobjected bills on the calendar. Forty minutes remain of the morning hour, and I was going to ask, and I do now ask, unanimous consent that the Senate proceed with the consideration of the calendar under Rule VIII until 2 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. SMITH. Mr. President, I did not get the purport of the motion.

Mr. McNARY. I ask unanimous consent that the Senate return to the calendar and consider it under Rule VIII, which permits each Senator to speak five minutes and also permits any Senator to move that any bill may be taken up.

The PRESIDING OFFICER. May the Chair suggest that that would be the regular order in any event?

Mr. McNARY. Yes; I was just offering perhaps an unnecessary explanation.

Mr. REED. I wonder at which number the Senator from Oregon desires to begin?

Mr. McNARY. I suppose we would commence at the beginning of the calendar, and whoever may be recognized by the Chair may move to take up a bill.

Mr. ODDIE. I desire to make a motion to take up a bill.

Mr. SMITH. Mr. President, may I ask—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from South Carolina?

Mr. ODDIE. I yield.

Mr. SMITH. As I understand the request of the Senator, it makes it possible, between now and 2 o'clock, to take up by vote any bill that may be on the calendar.

Mr. McNARY. That is very evident, and I am quite sure the Senator is conversant with the rule. He may address his inquiry to the Chair if he prefers.

Mr. SMITH. I ask the Chair if from now until 2 o'clock any bill may be taken up by vote?

The PRESIDING OFFICER. Certainly.

Mr. SMITH. I hope that the bill which the Senator from Nevada proposes will not consume all the time between now and 2 o'clock, because I have a very important bill which I wish to have considered before that time.

Mr. ODDIE. I hope that the measure I am going to move to take up can be disposed of in a very short time, and I believe it can be. Now I move that the Senate—

Mr. McNARY. Mr. President, let us find out if the consent of the Senate is going to be given to do as I have suggested. Has unanimous consent been granted?

The PRESIDING OFFICER. May the Chair state to the Senator from Oregon that, under the rule, the request which he has made would be carried out whether there was objection or not. However, the Chair will put the request. Is there objection to the request of the Senator from Oregon? The Chair hears none, and the agreement is entered into.

EMERGENCY ROAD CONSTRUCTION

Mr. ODDIE. I move that the Senate proceed to the consideration of Calendar No. 382, being House bill 9642, the emergency road bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from Nevada that the Senate proceed to the consideration of the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment.

Mr. REED. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ark.
Austin	Couzens	Kean	Robinson, Ind.
Bailey	Dale	Kendrick	Schall
Bankhead	Davis	Keyes	Sheppard
Barbour	Dickinson	King	Shipstead
Barkley	Dill	La Follette	Smith
Bingham	Fess	Lewis	Smoot
Black	Fletcher	Logan	Steiwer
Blaine	Frazier	McGill	Thomas, Idaho
Borah	George	McKellar	Thomas, Okla.
Bratton	Glass	McNary	Townsend
Brookhart	Glenn	Metcalf	Trammell
Broussard	Goldsbrough	Morrison	Tydings
Bulkeley	Gore	Neely	Vandenberg
Bulow	Hale	Norbeck	Wagner
Byrnes	Harrison	Norris	Walcott
Capper	Hatfield	Nye	Walsh, Mont.
Caraway	Hayden	Oddie	Waterman
Carey	Hebert	Patterson	White
Coolidge	Howell	Pittman	
Copeland	Johnson	Reed	

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Nevada to proceed to the consideration of House bill 9642, which is not debatable.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 9642) to authorize supplemental ap-

propriations for emergency highway construction with a view to increasing employment, which had been reported from the Committee on Post Offices and Post Roads with amendments.

Mr. ODDIE. Mr. President, I ask that the bill be printed in the Record at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill, as proposed to be amended, is as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated the sum of \$120,000,000, to be immediately available for expenditure in emergency construction on the Federal-aid highway system, with a view to increasing employment. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, chs. 1 and 2; Supp. V, title 23, chs. 1 and 2). (The sums apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds.) The sum apportioned to any State under this section may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such sum shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No sums apportioned under this act shall be advanced except for work on the Federal-aid highway system performed before June 30, 1933: *Provided*, That the sums so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1933, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such sums shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor; said minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such sums, the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the Federal highway act, approved May 21, 1928 (45 Stat. 683) and upon payments per mile which may be made from Federal funds, shall not apply.

Sec. 2. There are hereby authorized to be appropriated, to be immediately available, for expenditure in emergency construction or public roads during the period ending June 30, 1933, with a view to increasing employment, the following sums to be expended for the purposes specified:

(1) For the construction and improvement of national-forest highways, \$5,000,000.

(2) For the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified under the heading "Improvement of national forests" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), \$5,000,000.

(3) For the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, \$3,000,000, including national parks authorized to be established under the act of May 22, 1926 (U. S. C., title 16, sec. 403), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053).

(4) For construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (45 Stat. 750; U. S. C., Supp. V, title 25, sec. 318a), \$1,000,000.

(5) For the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act approved June 24, 1930 (46 Stat. 805; U. S. C., Supp. V, title 23, sec. 3), \$2,000,000.

Sec. 3. That the Secretary of Agriculture is authorized to make rules and regulations for carrying out the provisions of this act with the view of providing the maximum employment of local labor consistent with reasonable economy of construction: *Provided*, That none of the money herein authorized to be appropriated shall be paid to any State on account of any project on which convict labor shall be directly employed: *Provided further*, That none shall be employed except citizens of the United States.

Sec. 4. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921 (42 Stat. 212; U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

Mr. ODDIE. Mr. President, the bill, H. R. 9642, now before the Senate for consideration, authorizes emergency appropriations for Federal participation in highway construction with a view to increasing employment. The sums proposed are supplemental to the highway appropriations previously authorized. This emergency measure as passed by the House and reported to the Senate with amendments by the Senate Committee on Post Offices and Post Roads proposes a total of \$136,000,000, allocated as follows:

A. Federal aid highway system.....	\$120,000,000
B. Construction and improvement of national-forest highways.....	5,000,000
C. Construction and maintenance of roads, trails, bridges, fire lanes, etc., in national forests.....	5,000,000
D. Construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, the national parks and national monuments under the jurisdiction of the Department of the Interior.....	3,000,000
E. Construction and improvement of Indian reservation roads.....	1,000,000
F. Survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations.....	2,000,000

The President of the United States, in his message to the Congress on December 2, 1930, made the following references to the necessity for accelerating construction of public works:

The enlarged rivers and harbors, public buildings, and highway plans authorized by the Congress last session, however, offer an opportunity for assistance by the temporary acceleration of construction of these programs even faster than originally planned, especially if the technical requirements of the laws which entail great delays could be amended in such fashion as to speed up acquisitions of land and the letting of contracts.

With view, however, to the possible need for acceleration, we, immediately upon receiving those authorities from the Congress five months ago, began the necessary technical work in preparation for such possible eventuality. I have canvassed the departments of the Government as to the maximum amount that can be properly added to our present expenditure to accelerate all construction during the next six months, and I feel warranted in asking the Congress for an appropriation of from \$100,000,000 to \$150,000,000 to provide such further employment in this emergency. In connection therewith we need some authority to make enlarged temporary advances of Federal highway aid to the States.

Subsequently the President submitted a communication to the Congress on December 4, 1930, "to enable the Chief Executive to accelerate work on construction projects already authorized by law so as to increase employment," and the following is quoted from this message:

This supplemental estimate of appropriation is required to meet an emergency which has arisen since the transmission of the Budget for the fiscal year 1931.

Pursuant to this communication of the President transmitting the estimates of the Bureau of the Budget, a bill, H. R. 14804, in which the largest single item was that allocated for emergency construction on the Federal-aid highway system amounting to \$80,000,000, was enacted into law. The beneficial results of this legislation have been recognized throughout the United States, particularly as to the highway activities which were stimulated by the emergency appropriation.

The \$80,000,000 Federal fund was directly and promptly applied through the States to projects throughout the Nation, giving immediate relief to thousands of workers. There were undertaken 2,216 projects, totaling over 13,000 miles of road in 1,227 counties, or a little less ratio than a project to every other county through advance of Federal funds in 1931. This was part of the whole Federal-aid road program undertaken and does not include the work done without Federal funds by the States, cities, counties, or local communities.

Federal and State road building in 1931 engaged directly and indirectly more than a million men. County and city street and highway building engaged possibly a like number. In analyzing the benefits of these highway activities the United States Bureau of Public Roads has found that a very large share of every highway dollar goes to labor. Figures support

the statement that from 75 per cent to 80 per cent of the average highway dollar goes ultimately to the wage earner, either directly through employment on the highway or indirectly through employment in industries furnishing materials for the highways. In some instances the portion which finds its way to the wage earner amounts to as much as \$910 out of each \$1,000 expended for highways. No other type of public improvement gives such a large share of the funds expended to labor. No other type of public improvement distributes the benefits more widely throughout the Nation. Further, in carrying out the State program there was no loss of time in getting the work under way. Efficiency, economy, and high quality of production characterize the emergency expenditure. Needed public improvements were obtained without waste or extravagance and immediate comforts in shelter, food, and clothing made available for thousands of willing workers.

Since the emergency conditions which prompted the emergency measure of last year are even more acute this year, the successful relief measures of last year should be reenacted now. If effective then, they are equally effective now and even more necessary. All arguments in favor of the passage of the emergency construction appropriation of last year apply with equal force to the emergency highway measure now up for consideration.

The policy of enlarged public-works programs in periods of slack employment has been repeatedly enunciated by President Hoover and other national leaders. While a candidate for the Presidency, President Hoover, speaking at St. Louis, Mo., on November 2, 1928, referred to Federal highways as follows:

This administration has recognized the public necessity of Federal Government contribution to the creation of a definite system of modern interstate highways. This program is far from completion, and I stand for its continuance.

Further:

As I have said before, these undertakings are justified by the growth, the need, and the wealth of our country.

And still further:

These works, which will provide for an army of men, should, so far as practicable, be adjusted to take up the slack of unemployment if it should occur.

Federal-aid highway improvement has progressed steadily since this statement was made, but it is still far from completion. There are at the present time on the Federal-aid system 198,967 miles of main road, approximately 7 per cent of the Nation's entire road mileage, and of this 108,449 miles have been improved or are under construction with Federal aid, leaving about 90,418 miles on which no Federal funds have as yet been used. Some of this mileage has been improved by the States, but a very large part of the 108,449 miles has not been improved as yet with an adequate type of surface. The continuance of the program is without question justified, and since the crisis of unemployment has occurred and is with us, an obligation rests upon the Federal Government to carry forward vigorously an enlarged program of needed public works. In quickening progress on the Federal-aid system we are not launching into unknown fields.

The Federal-aid highway system was born of far-sighted scientific planning and serves as a model to other nations throughout the world. No new governmental agencies are necessary for its continued development. The policy of an enlarged program of Federal highway building was inaugurated by the emergency appropriations of last year; in principle and practice, therefore, the policy has been substantiated. It might have seemed by the limitation of emergency expenditures to a short period that the depression would end by schedule on some definite date. We were inclined to be hopeful. The necessity, however, of further constructive measures is now apparent. Personally, I am convinced that even a larger emergency highway program than contemplated by this act would be justified by the benefits which would be derived, but the amount has been limited to that which we are advised the States are ready to absorb and spend wisely and economically.

The emergency or supplemental amount of \$120,000,000 for Federal-aid highways, as contained in the present bill, will provide a total of \$250,000,000 for Federal participation with the States in 1932. This compares with approximately \$241,000,000 so used in 1931. The emergency fund now proposed for this use, then, is necessary to avoid a recession in Federal road building. It does not greatly enlarge the Federal expenditure over that of the preceding year.

The Federal-aid plan to which we are committed is not changed by the emergency proposal, but the rate of accomplishment is accelerated.

The moneys advanced to the States now would likely be disbursed within the next few years anyway. Advanced now they serve a twofold purpose:

First. They make available the benefits of additional highways at an earlier date.

Second. They provide additional employment at a time of dire need.

These results are accomplished with a saving in construction costs due to the prevailing low prices for road materials and the increased efficiency brought about by keen competition.

Leaders of all political parties have acknowledged the benefits which improved highways contribute to the social and economic welfare of all the people of our Nation. The advantages of lower transportation costs with savings ranging up to 26 per cent, according to road type and character of traffic, and the increased safety which improved highways afford are well known to every Member present and possibly need not be recited further.

The bill we are considering originated in the House Committee on Roads. Its form follows substantially the similar measures approved by the last Congress and signed by the President a little more than a year ago. These facts, together with the passage of the present bill by the House on February 27, with support from both major parties, illustrate the nonpartisan character of the policies which this measure embodies.

In principle and application it is not new legislation, but your attention is directed to a few minor changes in general provisions compared with the bill of a year ago. These changes are designed in the light of experience to adapt it better to the intended purposes. The changes are clearly set forth in the Senate Post Offices and Post Roads Committee Report No. 363, which was carefully and ably prepared by the junior Senator from Arizona [Mr. HAYDEN]. They have been approved by the administrative heads of the departments charged by law with the supervision of the proposed projects. None of the changes are contrary to the fundamental features of the Federal aid act.

I ask permission to include in the RECORD the committee report, which was made to the Senate by Senator HAYDEN on March 2, 1932.

The VICE PRESIDENT. Without objection, it is so ordered.

The report (No. 363) submitted by Mr. HAYDEN on March 2, 1932, is as follows:

[Sen. Rept. No. 363, 72d Cong., 1st sess.]

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, submitted the following report (to accompany H. R. 9642).

The Committee on Post Offices and Post Roads, to whom was referred the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having considered the same, report it back to the Senate with the following amendments, and, as amended, recommend that the bill do pass.

On page 2, line 17, after the word "supplemental," strike out the proviso down to and including line 21, and insert in lieu thereof the following:

"Provided further, That all contracts involving the expenditure of such sums shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, said minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work."

On page 2, at the end of the first section, insert the following: "And provided further, That in the expenditure of such sums, the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the Federal highway act, approved May 21, 1928 (45 Stat. 683), and upon pay-

ments per mile which may be made from Federal funds, shall not apply."

On page 3, line 11, strike out the figures "\$3,000,000" and insert in lieu thereof the figures "\$5,000,000."

On page 3, line 15, strike out the figures "\$1,500,000" and insert in lieu thereof the figures "\$3,000,000."

On page 3, at the end of line 17, change the period to a comma and insert the following: "And national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 103)."

The first amendment which relates to the wages paid to skilled and unskilled labor is necessary for the following reasons:

(1) Section 12 of the Federal highway act (42 Stat. 212) provides:

"That the construction and reconstruction of the highways or parts of highways under the provisions of this act, and all contracts, plans, specifications, and estimates relating thereto, shall be undertaken by the State highway departments subject to the approval of the Secretary of Agriculture. The construction and reconstruction work and labor in each State shall be done in accordance with its laws and under the direct supervision of the State highway department, subject to the inspection and approval of the Secretary of Agriculture and in accordance with the rules and regulations pursuant to this act."

The proviso on page 2, lines 17 to 21, which your committee recommends be stricken out, are in direct conflict with section 12 of the Federal highway act and will therefore require a radical change in Federal-aid policy. The proviso is also in direct conflict with the Supreme Court decisions of several of the States, with the result that the States which have had court decisions invalidating similar State statutes will be unable to comply with this provision of the bill and be unable to expend the Federal allotment provided by this bill to such States.

(2) The purpose sought by the proviso is being attained to a large extent in three-fourths of the States by administrative regulations by the several State highway departments, and in several of the States is embodied in State highway department specifications and in some cases by statute.

(3) In practice, the legal obstacles, administrative difficulties, and the involved controversies that will result in determining "the prevailing rate of wages" may so delay the expenditure of these emergency funds in the States where similar statutes have not been declared unconstitutional as to defeat the emergency employment purpose of this bill. Your committee have therefore recommended the adoption of a new proviso that directs each State highway department to fix a minimum scale of wages which must be accepted by all contractors who submit proposals or bids for highway construction and thus, by contract, avoid all of the above-mentioned legal difficulties.

The second amendment is designed to permit the expenditure of funds pursuant to the terms of the bill in cities and towns where much unemployment and distress exist and modifies, for the purposes of this act only, section 4 of the act of May 21, 1928 (45 Stat. 683), which reads as follows:

"Sec. 4. Federal funds may be expended on that portion of a highway or street within a municipality having a population of 2,500 or more, along which from a point on the corporate limits inwardly the houses average more than 200 feet apart: *Provided*, That no Federal funds shall be expended for the construction of any bridge within or partly within any municipality having a population of more than 30,000, as shown by the latest available Federal or State census; but this limitation shall not apply in the case of an interstate bridge, including approaches connecting such municipality in one State with a point in an adjoining State which may be within a municipality having a population of not more than 10,000."

Section 4 is the only controlling section in the amended Federal highway act providing for Federal-aid construction within municipalities, since all other provisions relating to municipalities were repealed by section 5 of the same amendment of May 21, 1928 (45 Stat. 683), which provides:

"Sec. 5. All acts or parts of acts in any way inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on its passage."

All contracts involving expenditures of regular Federal-aid funds within municipalities since May 21, 1928, have been approved by the United States Bureau of Public Roads, based on the provisions of said section 4.

With respect to the limit of cost per mile, which the amendment also sets aside, section 3 of the act of April 4, 1930 (Public, No. 90, 71st Cong.), provides:

"Sec. 3. Section 6 of such act of July 11, 1916, as amended and supplemented, is further amended so that the limitation of payments which the Secretary of Agriculture may make is increased to \$25,000 per mile, exclusive of the cost of bridges of more than 20 feet clear span: *Provided*, That the Federal participation shall be limited to \$15,000 per mile until the original certified 7 per cent system of such State shall have been surfaced."

The third amendment increases the amount authorized to be appropriated for forest development, roads, trails, bridges, fire lanes, etc., by \$2,000,000.

The last two amendments increase the sum to be expended by the National Park Service by \$1,500,000 and authorize the use of such funds on approach roads.

The object of the bill is to authorize supplemental appropriations to an extent that, combined with regular appropriations for the same purposes, the total Federal expenditures for road construction during the next 16 months will approximate the same amount as

was expended during the calendar year 1931. The effect of this legislation will be to provide employment for about the same number of men as were given work because of the Federal road appropriations made available last year rather than to force a large number of them into the ranks of the unemployed. Surveys have been completed and plans have been made so that there will be no delays in commencing construction of approved projects in all of the States.

FEDERAL-AID HIGHWAYS

The Federal-aid highway construction program in 1931 involved a total expenditure of \$256,000,000, made up of \$79,000,000 emergency advance funds, \$121,000,000 regular Federal aid, and \$56,000,000 State funds. The bill will provide a comparable program, made up of an emergency advance of \$120,000,000 and all available regular Federal aid, which amounts to \$130,000,000. There was actually paid to the States as Federal aid \$244,500,000 in 1931. The total mileage of the approved 7 per cent Federal-aid highway system is 198,967 miles, of which 100,262 miles have been improved by the use of Federal funds.

FOREST HIGHWAYS

In 1931 the Federal expenditures on forest reserve highways was \$12,938,000. Under the regular appropriations the expenditures for 1932 will aggregate \$7,650,000, a reduction of over \$5,000,000, which the bill seeks to equalize by an authorization for a like amount.

The forest highway system as now established contains 16,532 miles, of which only 37 per cent has been completed. It will require about \$189,000,000 to finish this work. The existing highway system within the forests is decidedly behind the road developments outside, thereby handicapping through and local travel and holding back the development of Federal and private resources.

FOREST DEVELOPMENT ROADS, TRAILS, ETC.

The planned system of forest development roads includes 65,861 miles, of which approximately 35 per cent now exists. About 72 per cent of the forest trail system of 156,000 miles is now in satisfactory shape. While used for transporting timber and otherwise opening up the national forests for utilization, the chief value of such roads and trails is in connection with fire fighting. During the past three years the number of fires have averaged 8,064, the average area burned over was 602,000 acres, and the suppression cost was over \$3,000,000. The roads and trails already available have demonstrated immense value in quicker and better detection and suppression of fires, but the urgent and immediate needs are far from being met.

National forests are located in 31 States and 2 Territories and contain approximately one-fourth of the standing timber in the United States. To complete the forest development road and trail system total appropriations of about \$70,000,000 will have to be made. The expenditures for the calendar year 1931 were \$8,510,000 and 1,000,000 man-days' employment on the projects themselves were provided. In 1932 the regular appropriations for this purpose are only \$3,670,000, so that \$5,000,000, as recommended by your committee, is needed to keep the work going at the same rate as last year.

The other forest improvements upon which this appropriation may be expended include fire breaks, fire lookouts and towers, telephone lines for fire protection, and similar construction and development work necessary to efficient administration of the national forests and their resources. The Forest Service estimates that within a calendar year about \$5,600,000 could be expended efficiently and on urgently needed work of this character. With practically no exceptions, the work is done by the day-labor method and can be started within a few days of the appropriations. A very large part of the total expenditure is for wages of men directly employed on construction.

NATIONAL PARK ROADS AND TRAILS

The bill as passed by the House of Representatives provides for \$1,500,000 to be expended in the national parks and monuments, including the Shenandoah and Great Smoky Mountains National Parks, which sum would be allocated as follows by the National Park Service:

Maine: Acadia National Park.....	\$100,000
North Carolina: Great Smoky Mountains National Park.....	290,000
Tennessee: Great Smoky Mountains National Park.....	290,000
Virginia: Shenandoah National Park.....	250,000
Arizona: Petrified Forest National Monument.....	100,000
Colorado:	
Mesa Verde National Park.....	28,000
Rocky Mountain National Park.....	62,000
Colorado National Monument.....	40,000
Montana: Glacier National Park.....	78,000
New Mexico: Carlsbad Caverns National Park.....	12,000
South Dakota: Wind Cave National Park.....	50,000
Utah: Zion National Park.....	100,000
Washington: Mount Rainier National Park.....	100,000
Total.....	1,500,000

Your committee recommends that this authorization be increased to \$3,000,000, under which a total of \$450,000 will be allocated to the Shenandoah National Park and over \$1,000,000 to the Great Smoky Mountains National Park. Increasing the amount will also permit expenditures on approach roads as recommended by your committee and authorized by the act of January 1, 1931.

The regular and emergency appropriations for the construction of roads and trails within or adjacent to national parks and monuments for the last fiscal year were \$9,000,000. The regular ap-

proportion for the same purpose for the next fiscal year will not exceed \$6,000,000. Your committee recommends that the emergency appropriation in the bill be increased to \$3,000,000 so as to make up this difference.

INDIAN RESERVATION ROADS

It is much better to provide work rather than to issue rations to Indians and therefore the bill carries \$1,000,000 for road construction on Indian reservations under the terms of an act which directs that Indian labor shall be employed. The regular and annual appropriations for this purpose during the last fiscal year were \$600,000, which has been reduced to \$400,000 for the next fiscal year. The Bureau of Indian Affairs has submitted a statement showing that \$1,183,700 could be immediately and properly expended for roads on 69 Indian reservations and that detailed estimates have been made for other larger projects aggregating \$485,250. This emergency appropriation of \$1,000,000 will remove much of the necessity for a continuation of appropriations to relieve distress.

ROADS ON FEDERAL LANDS

The final item in the bill is \$2,000,000 for expenditures on lands wholly owned by the United States under the terms of the Oddie-Colton Act of June 24, 1930. The first appropriation made pursuant to that act amounted to \$3,000,000 and was included in the emergency public works act of December 20, 1930. This is the second appropriation under that authorization, except that the unexpended balance of the original appropriation, amounting to about \$1,000,000, is to be reappropriated when the Interior Department bill, now pending before the Senate, is enacted into law.

The scope and purpose of the bill are further explained in the following report from the Committee on Roads of the House of Representatives:

[House Report No. 618, Seventy-second Congress, first session]

The Committee on Roads, to which was referred the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment, having had the same under consideration, now reports the bill to the House with the following amendments and recommends that the bill as amended do pass:

Page 2, lines 20 and 21, strike out "(other than the Federal-aid highway system)."

Page 3, line 24, after the word "employment," insert the words "of local labor."

Page 3, after line 25, add the following section:

"Sec. 4. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921 (U. S. C., title 23, sec. 6; 42 Stat. 212), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

This bill, as amended by the Committee on Roads, provides an authorization of a supplemental appropriation for emergency highway construction with a view to increasing employment.

The provisions are similar to those carried in the emergency road legislation of the last Congress.

The authorizations are as follows:

"(1) One hundred and twenty million dollars to be advanced to the States to be expended under the provisions of the Federal highway act as to State funds. These sums so advanced must be expended by June 30, 1933, and shall be reimbursed to the Federal Government over a period of 10 years commencing with the fiscal year 1938 (being the time of expiration of reimbursement of advances made by the last Congress). This reimbursement is obtained by deductions from regular apportionments made from future authorizations.

"(2) For national forest highways, \$5,000,000.

"(3) For roads, trails, bridges, fire lanes, etc., in the national forests, \$3,000,000.

"(4) For roads in national parks and national monuments, \$1,500,000.

"(5) For roads on Indian reservations, \$1,000,000.

"(6) For main roads through unappropriated or unreserved public lands, not in forest reservations, \$2,000,000."

The bill also provides in section 3 that the Secretary of Agriculture shall make such rules and regulations for carrying out the provisions of this act as will provide the maximum employment of local labor consistent with reasonable economy of construction.

The Federal highway act is amended by section 4 so as to provide that whenever a State has made provision for the completion and maintenance of its 7 per cent system up to 90 per cent of that system, 1 per cent of the total road mileage of such State may be added to that system. It has been demonstrated by much testimony that there are many States which are handicapped at present in extending their 7 per cent system due to roads incompleteness where railroad-crossing eliminations are contemplated and present financial conditions with the railroads (which are required to pay a part of the cost) are such that this work is held up. There are

also other places where it is inexpedient to change the present Federal-aid system.

Testimony was developed before the committee which showed that all State highway departments favor this legislation and are prepared with plans for work so that they can go forward without any loss of time whatsoever. Various other groups support this legislation as the best method to aid employment throughout the country. Definite information is on file to prove that 90 cents of every dollar expended on roads goes to labor.

On the request of Chairman ALMON, Mr. Thomas H. MacDonald, Director of Public Roads, Department of Agriculture, appeared before the committee and testified as to the operations under the proposed legislation to afford increased opportunities for employment. His testimony is shown in the printed hearings.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of Rule XIII of the rules of the House of Representatives, changes in the last paragraph of section 6 of the Federal highway act made by the bill are shown as follows: Existing law proposed to be omitted is inclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman:

"Whenever provision has been made by any State for the completion and maintenance of [a] 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to [add to] increase the mileage of the primary or interstate and secondary or intercounty systems [as funds become available for the construction] by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of [such additional] 90 per cent of the mileage of said systems previously authorized in accordance herewith."

The bill, as reported to the Senate, reads as follows:

An act to authorize supplemental appropriations for emergency highway construction, with a view to increasing employment

Be it enacted, etc., That there is hereby authorized to be appropriated the sum of \$120,000,000, to be immediately available for expenditure in emergency construction on the Federal-aid highway system, with a view to increasing employment. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, chs. 1 and 2; Supp. V, title 23, chs. 1 and 2). (The sums apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds.) The sum apportioned to any State under this section may be used to match the regular annual Federal-aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such sum shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No sums apportioned under this act shall be advanced except for work on the Federal-aid highway system performed before June 30, 1933: *Provided*, That the sums so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such sums shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor; said minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such sums the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the Federal highway act, approved May 21, 1928 (45 Stat. 683), and upon payments per mile which may be made from Federal funds, shall not apply.

Sec. 2. There are hereby authorized to be appropriated, to be immediately available, for expenditure in emergency construction on public roads during the period ending June 30, 1933, with a view to increasing employment, the following sums to be expended for the purposes specified:

(1) For the construction and improvement of national-forest highways, \$5,000,000.

(2) For the construction and maintenance of roads, trails, bridges, fire lanes, etc., including the same objects specified under the heading "Improvement of National Forests" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), \$5,000,000.

(3) For the construction, reconstruction, and improvement of roads and trails, inclusive of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, \$3,000,000, including national parks authorized to be established under the act of May 22, 1926 (U. S. C., title 16, sec. 403), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 103).

(4) For the construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (45 Stat. 750; U. S. C., Supp. V, title 25, sec. 318a), \$1,000,000.

(5) For the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public

lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act approved June 24, 1930 (46 Stat. 805; U. S. C., Supp. V, title 23, sec. 3), \$2,000,000.

SEC. 3. That the Secretary of Agriculture is authorized to make rules and regulations for carrying out the provisions of this act with the view of providing the maximum employment of local labor consistent with reasonable economy of construction: *Provided*, That none of the money herein authorized to be appropriated shall be paid to any State on account of any project on which convict labor shall be directly employed: *Provided further*, That none shall be employed except citizens of the United States.

SEC. 4. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921 (42 Stat. 212; U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance herewith."

Mr. ODDIE. Mr. Frederic Brenckman, Washington representative of the National Grange, made the following statements before the House Committee on Roads when H. R. 9642 was under consideration:

I have been greatly interested in the discussion which has taken place before the committee with reference to the proposal to appropriate \$120,000,000 for emergency purposes in connection with road construction. Our organization is in favor of that idea. We believe that it would be far better to put as many idle people in the country as possible to work on public improvements than to have them languishing in idleness and hunger. If legislation can be framed that will make it possible for the States to take advantage of the appropriation and to realize it this year, why, we would be heartily in favor of the idea.

I have in mind not only the need for employment for industrial workers idle in the cities but also have in mind the fact that many of our farmers, while they are not unemployed, have practically no income at the present time and that their fixed charges are practically equal to what they are getting for their crops.

Mr. Chester Gray, Washington representative of the American Farm Bureau Federation, was unable to appear before the House committee when the bill was under consideration and has written me directly the views of his organization, in a letter of March 8, 1932, which I ask to have placed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

WASHINGTON, D. C., March 8, 1932.

HON. TASKER L. ODDIE,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR ODDIE: H. R. 9642, having passed the House of Representatives, is now pending before the Senate with favorable action by the Senate Committee on Post Offices and Post Roads.

Inability to be present throughout all the hearings on this matter before the House Committee on Roads prevented stating on behalf of the American Farm Bureau Federation support to the measure before that committee. However, the American Farm Bureau Federation is so staunchly in favor of expediting the highway program of the Nation that full support can be given the pending measure for this purpose alone. In addition to the speeding up of highway building in the Nation, following the enactment of the pending bill, is the very direct relationship it has to the question of unemployment.

In testifying before the Senate Committee on Post Offices and Post Roads and before the House Committee on Roads, when the regular appropriation item for highways was under consideration earlier in the session, I stated that any opportunity later in the session would be seized upon to secure emergency appropriations for highway building. H. R. 9642 constituted such emergency legislation.

The \$120,000,000 in that measure applied to the emergency construction on the Federal-aid highway system, together with lesser amounts for construction and improvements on national forest highways; for the construction and maintenance of roads, trails, bridges, fire lanes, etc., in the national forests; for similar activities in the national parks and national monuments; for the construction and improvement of Indian reservation roads; and for the survey, construction, reconstruction, and maintenance of main roads through the unappropriated or unreserved public lands, nontaxable Indian lands, and other Federal reservations other than forest reservations, all together comprise a fund of money which will aid materially in starting the wheels of industry moving in our Nation, as well as giving those who need work an opportunity to secure employment.

A desirable feature of the legislation is contained in section 4. This section provides that when 90 per cent of the primary road system in any State has been completed that an increase may be made in the highway mileage of that State, said increase to be applicable for use of Federal and State funds in like manner to the original so-called 7 per cent system.

I trust the pending bill can receive early passage by the Senate, so that the funds contained therein may be put at use in the quickest way possible.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

Mr. ODDIE. The farming industry of the United States has suffered economic depression for a much longer period than have other industries, and, furthermore, there is no doubt that the farmers are still in a very serious condition. The enactment of this bill will immediately afford a partial relief in providing employment and in lowering marketing costs.

The maximum number of persons employed on emergency highway work as a direct result of the \$80,000,000 Federal emergency appropriation in 1931 was 115,167, according to a statement of the Bureau of Public Roads appearing in the CONGRESSIONAL RECORD, page 4859, in a table giving employment on Federal and State work, 1931. (See attached Exhibit A.) The maximum figures are for July. On July 1, 1931, 1 out of every 369 persons in the United States was employed on the Federal or State highway work. (See attached Exhibit B.) In Maine, which had the greatest record, 1 out of 70 people on the 1st day of July was working for the State or for a contractor on the State roads.

On the same basis the emergency appropriation of \$120,000,000 as now proposed would employ one and one-half times 115,167, or 172,750 persons; but since staggering of employment is being very generally used in highway emergency work, this number would likely be doubled, or 335,500 persons would be directly employed on emergency work on the road itself.

For every man engaged on the highway there are two men engaged in the production of road-building equipment and materials in the factories or mines and the transportation of them from their sources at the mines, quarries, and so forth, through the factories to the highway projects. On the first breakdown of road expenditures the item of transportation takes \$406 out of \$1,000, showing to what extent railroads and railroad workers benefit by highway building. Few people realize the support which the railroads receive from highway operations. These facts are supported by testimony before the Senate Committee on Post Offices and Post Roads in recent hearings, pages 70 and 71. (See attached Exhibit C.)

Taking into consideration, then, that for each man working on the road there are two men behind the lines in allied industries and on transportation lines, the total number of men engaged by reason of the appropriation alone would possibly be three times the net number of 172,750 directly employed on the highway plus the additional 172,750 road workers alternating in staggered work, or a grand total of 691,000. Further assuming that an average family consists of 3, more than 2,000,000 persons may be reached by reason of the \$120,000,000 emergency appropriation.

In 1931 the emergency appropriation of \$80,000,000 represented 7.7 per cent of the highway expenditures by the States and Federal Government. Assuming that the total highway expenditure for this year remains the same as the total of 1931, the sum of \$120,000,000 would be 11.5 per cent of the total for 1932. Accordingly, highway activities would engage on regular work several times the emergency work number. On regular work staggered employment would not prevail to the same extent. The maximum number on State and Federal work in 1931, according to the Bureau of Public Roads statement—see Exhibit A—was in August, when 389,949 persons were employed. Of this number, 102,789 were then on emergency work, leaving 287,151 on regular Federal and State work. By partial staggering of employment and counting again the two men behind the lines, the number employed on regular and State work would probably be in excess of 1,000,000 persons.

However, a portion of the Federal funds would not have been available during 1931 except for the emergency funds which enabled the States to match the regular Federal funds. Therefore, the emergency appropriation can be credited also with making employment possible for a portion of those on regular Federal and State work. This would be equally true this year. Frozen State bonds are primarily responsible for the inability of several of the States to match Federal funds. In normal times State bonds would sell at a premium. The emergency fund, then, is urgently needed at this time in the States so handicapped in order that they may proceed with their regular Federal-aid highway construction. Failure to obtain emergency funds will bring highway activity in these States practically to a standstill, adding many thousands of men to the army of the unemployed—men who to this date have been gainfully and usefully engaged in highway building as their life work.

County and local expenditures amount to approximately 60 per cent of the Federal and State totals; therefore at least an additional 60 per cent in number are added to the highway ranks by county and local highway activities.

Since their operations embrace more maintenance work, the number of persons employed is possibly larger even than the direct ratio. None of these figures include expenditures for street and highway work in cities where the annual expenditures are approximately another \$1,000,000,000, providing employment in corresponding proportion.

States, cities, counties, and local units of Government all look to the Federal Government for leadership in the present crisis. Any curtailment of Federal funds may be interpreted by States, cities, counties, and other local units as a release from the obligation to maintain public-works programs on an enlarged scale. If Federal curtailment should occur, local units will likely follow the Federal leadership, precipitating a collapse of highway and street work. This must not occur. These operations are too deeply rooted as a useful and necessary part of our entire economic structure.

Finally, since it is conservatively estimated that 85 per cent of the average highway dollar goes to labor, the emergency appropriation for \$120,000,000 would make available \$102,000,000 as the wage earners' share. Approximately one-third of this amount would be distributed directly to the 335,500 emergency road workers; each of these would receive approximately \$100 of the total. This is not a large amount, yet it is an amount equal to the average annual amount distributed per unemployed worker by direct relief agencies, estimated on basis of a statement for the first quarter of 1931, submitted to Congress by the Department of Commerce and appearing in CONGRESSIONAL RECORD on page 5429. (See attached Exhibit D.)

In addition, a large number of regular road workers would be assured of retention in use ful work by the emergency funds; the importance of this is recognized when it is considered that a halt in growth of unemployment is the first step toward improvement.

In highway building there is no waste or extravagance. Needed public improvements are obtained while useful work is provided for willing workers.

In reporting this bill the Senate Committee on Post Offices and Post Roads, of which I have the honor to be the chairman, has quite properly considered the legislation as a non-partisan measure which will benefit the entire country, and I feel sure that the Senate will also consider the bill on that broad national basis.

Mr. President, I present for the RECORD extract of testimony showing use of emergency funds in Michigan in hearings before Post Offices and Post Roads—Senate bill 36—page 26:

The CHAIRMAN (Mr. ODDIE). What is the effect of this legislation on the unemployment problem in your State?

Mr. G. C. DILLMAN (State highway commissioner of Michigan). I might say that about the 20th of last October we put on a very extensive winter construction program, totaling \$11,500,000 of work, which necessarily was confined to work to be done during the late fall and winter months, consisting of grading, widening, drain structures, bridges, some gravel surfacing, and the work was all either carried on through the highway department organization, through the county, or largely by contract, which, by the way, we will receive \$2,000,000 of Federal aid out of \$11,500,000 to spend, and each of those jobs was designed to take care of the maximum of labor, at the same time getting efficient work, the most we could for the money, and we are taking care of some 19,000 to 25,000 men during this period.

We have set up a minimum wage of 35 cents per hour, and we have provided for half time—that is, men working three days a week, or every other week, in order to take care of more men than on the full-time basis.

Michigan is one of the States that has a very serious unemployment condition, and we have found in the past two and a half months that this has worked out very successfully, and the State is contributing something in this highway work to the relief of the unemployed, at the same time relieving the counties, cities, villages, and townships of a very material amount in welfare work. I am citing that as an example of one of many States which are carrying on highway work for the benefit of labor largely at this time.

The CHAIRMAN. What are you doing at the present time, and what regulations do you have in reference to making the road program go as far as possible in meeting the human needs of the laborer?

Mr. DILLMAN. We are establishing, as I said, the minimum wage and 8-hour day, one-half time for these men. We are specifying certain equipment that the contractor may use on the job, and that is specified. He knows that when he bids on the work, and we are trying to utilize the maximum amount of labor on the work, without cutting materially into the efficiency of handling the work, and we do know in putting on several million dollars of this work during November and December, also early in January, that the costs have been very little more than we had during the last half of the year 1931, when there were no regulations involving labor. * * *

Senator HAYDEN. With respect to the emergency appropriation of \$80,000,000 made by Congress in December, 1930, did the State of Michigan make good use of that additional money?

Mr. DILLMAN. Yes; our portion of that was \$2,500,000 and the money was all spent. We have already received that back from the Government, and we made very good use of it and feel the money was well spent. It was spent on construction of the Federal system, and, in addition to that, we have shown our interest in it by going much farther in putting up State money on the Federal system, and we have found in the 1931 work, throughout the year, that for every \$1,000,000 we are spending on State highway work, which includes grading, drainage, surfacing, bridges, paving—for every \$1,000,000 from 2,500 to 3,000 men are employed during the contract.

Mr. President, I ask leave to have printed in the RECORD the tables and data to which I have referred.

There being no objection, the tables and data were ordered to be printed in the RECORD, as follows:

EXHIBIT A
Employment on Federal and State highway work, 1931
[Taken from CONGRESSIONAL RECORD, p. 4859]

Month	Forest	Park	Federal aid			Total Federal	State		Grand total
			Regular	Emergency	Total		Construction	Maintenance	
January	228	107	25,944	5,000	30,944	31,279	48,621	68,700	148,600
February	548	172	26,867	10,000	36,867	37,587	53,787	80,186	171,560
March	1,278	172	28,068	25,334	53,402	54,852	58,701	91,334	204,887
April	2,663	350	39,683	54,864	94,547	97,660	72,212	93,732	263,504
May	3,808	1,002	39,518	82,387	121,905	126,715	89,764	94,452	310,931
June	4,722	2,168	40,223	107,402	147,625	154,515	101,275	107,692	363,482
July	6,617	2,625	40,299	115,167	155,466	164,708	112,638	108,003	385,349
August	6,219	2,895	39,506	102,798	142,304	151,418	121,172	117,359	389,949
September	6,048	3,189	42,203	64,660	106,863	116,100	123,404	117,113	356,617
October	5,183	2,842	41,423	39,421	80,844	88,869	116,752	124,483	330,104
November	3,550	2,054	35,534	21,328	56,862	62,466	103,198	124,687	290,351
December	1,193	920	25,973	7,905	33,878	35,991	74,543	134,437	244,971
Total man-months	42,067	18,496	425,241	636,266	1,061,507	1,122,060	1,076,667	1,252,178	3,460,305
Average	3,505	1,541	35,437	53,022	88,459	93,505	89,672	105,182	288,359

EXHIBIT B

Persons employed on State highway systems July 1, 1931, and ratio of employment to total population

[Taken from CONGRESSIONAL RECORD, p. 4860.]

State	By State	By contractors	Total	Ratio
Alabama	1,660	2,166	3,826	691
Arizona	(¹)			
Arkansas	3,286	3,414	6,700	276
California	4,265	3,466	7,731	734
Colorado	1,090	2,536	3,626	285
Connecticut	1,901	1,158	3,059	125
Delaware	325	605	930	256
Florida	(¹)			
Georgia	3,372	4,630	8,002	363
Idaho	890	1,595	2,485	178
Illinois	5,435	6,500	11,935	639
Indiana	2,636	3,006	5,642	168
Iowa	1,895	6,850	8,745	282
Kansas	2,998	3,463	6,461	291
Kentucky	4,206	5,677	9,883	264
Louisiana	4,000	12,640	16,640	126
Maine	9,242	2,096	11,338	70
Maryland	2,086	2,847	4,933	331
Massachusetts	2,086	4,047	6,133	692
Michigan	2,422	7,313	9,735	497
Minnesota	3,111	6,455	9,566	268
Mississippi	1,240	2,300	3,540	568
Missouri	4,468	7,590	12,058	300
Montana	850	3,000	3,850	113
Nebraska	1,850	3,350	5,200	264
Nevada	396	639	1,035	87
New Hampshire	3,238	1,427	4,665	99
New Jersey	1,791	3,792	5,583	723
New Mexico	1,400	2,600	4,000	105
New York	16,033	14,078	30,111	501
North Carolina	4,000	2,500	6,500	487
North Dakota	1,120	2,500	3,620	160
Ohio	6,500	18,000	24,500	271
Oklahoma	2,675	2,670	5,345	448
Oregon	1,750	2,100	3,850	247
Pennsylvania	8,932	6,676	15,608	617
Rhode Island	302	850	1,152	596
South Carolina	1,452	3,937	5,389	322
South Dakota	675	1,150	1,825	379
Tennessee	1,801	933	2,734	957
Texas	5,700	8,750	14,450	403
Utah	2,073	985	3,058	166
Vermont	2,030	506	2,536	141
Virginia	3,000	2,600	5,600	432
Washington	2,069	2,295	4,364	358
West Virginia	2,798	4,415	7,213	239
Wisconsin	4,566	7,160	11,726	250
Wyoming	764	1,270	2,034	110
Total	130,429	188,507	318,936	369

¹ No report.

² Field force only.

NOTE.—This table does not include prison labor.

EXHIBIT C

Distribution of \$1,000 paid for concrete highway, showing the approximate total amount which reaches labor in each of the eight successive steps

(Taken from hearings before the Committee on Post Offices and Post Roads, United States Senate, S. 36)

The contractor's distribution of this \$1,000:

Labor	\$141.00
Aggregates	324.00
Cement	324.00
Steel	27.00
Equipment	100.00
Plant installation	27.00
Bonding, etc	22.00
Gross profit	35.00
Total	1,000.00

After distribution of mill and quarry items:

Salaries and wages	302.70
Freight	406.70
Materials and supplies	17.15
Fuel	35.50
Interest	14.10
Taxes	24.10
Depreciation and repairs	131.15
Depletion	10.50
Profits	48.10
Miscellaneous	10.00
Total	1,000.00

After distribution of freight charges:

Salaries and wages	477.70
Materials and supplies	57.55
Fuel	57.20
Interest	61.70
Taxes	49.70

After distribution of freight charges—Continued.

Depreciation and repairs	\$184.65
Profit	91.00
Depletion	10.50
Redistribution	10.00

Total 1,000.00

After distribution of fuel costs:

Salaries and wages	516.00
Materials and supplies	64.20
Interest and rents	63.75
Taxes	51.40
Repairs and depreciation	188.75
Profit	91.00
Depletion	14.90
Redistribution	10.00

Total 1,000.00

After distribution of repairs and depreciation:

Salaries and wages	572.60
Materials and supplies	170.80
Interest, rents, etc	65.65
Taxes	56.10
Depletion	14.90
Profit	109.95
Redistribution	10.00

Total 1,000.00

After distribution of cost of materials and supplies:

Salaries and wages	730.25
Interest and rents	73.85
Taxes	39.50
Depletion	17.85
Profit	128.55
Redistribution	10.00

Total 1,000.00

After distribution of taxes and \$10 for "redistribution" has been redistributed:

Salaries and wages	770.85
Interest and rents	81.25
Profits	129.85
Reserve for depletion	18.05

Total 1,000.00

After distribution of profits, interest, rents, and depletion:

Salaries and wages	910.00
Expended by owners	90.00

Total 1,000.00

EXHIBIT D

[Taken from CONGRESSIONAL RECORD, p. 5429]

	United States	12 States with greatest unemployment	12 States with least unemployment
Population, April, 1930	122,775,046	59,441,377	22,405,630
Gainfully occupied, 1930	48,832,589	24,707,677	8,494,263
Unemployed (classes A and B)	3,187,647	2,006,928	263,505
Per cent unemployed	6.5	8.4	3.1
Relief expenditures, estimated (first quarter 1931)	\$80,297,562	\$56,290,797	\$6,321,399
Relief expenditures per capita (first quarter, 1931)	\$0.65	\$0.95	\$0.28
Relief expenditures per unemployed worker (classes A and B)	\$25.19	\$27.23	\$23.99

Mr. HAYDEN. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for action on the committee amendments first.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will report the first amendment.

The LEGISLATIVE CLERK. The first amendment of the committee is on page 2, line 17, where the committee proposes to strike out the words "Provided further, That the prevailing rate of wages as provided in the act of March 3, 1931 (Public, No. 78, 71st Cong.), shall be paid to all skilled and unskilled labor employed in the construction of all roads in said Federal highway system" and to insert in lieu thereof the words "Provided further, That all contracts involving the expenditure of such sums shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to

skilled and unskilled labor; said minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such sums the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the Federal highway act, approved May 21, 1928 (45 Stat. 683), and upon payments per mile which may be made from Federal funds shall not apply."

Mr. BULKLEY. Mr. President, I desire to offer two amendments to perfect the committee amendment, and I ask that they be considered together.

The VICE PRESIDENT. The clerk will report the amendments.

The LEGISLATIVE CLERK. On page 3, line 4, after the word "limitations," the Senator from Ohio proposes to insert "in the Federal highway act, as amended."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On page 3, line 5, the Senator from Ohio proposes to strike out the words "contained in section 4 of the Federal highway act, approved May 21, 1928 (45 Stat. 683)."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The LEGISLATIVE CLERK. On page 3, line 21, strike out "\$3,000,000" and insert in lieu thereof "\$5,000,000."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 3, line 25, strike out "\$1,500,000" and insert in lieu thereof "\$3,000,000."

Mr. McKELLAR. Mr. President, I desire to amend that amendment by inserting after the word "including," in line 1, page 4, the words "areas to be established as."

Mr. ODDIE. I approve that amendment to the amendment.

The VICE PRESIDENT. The committee amendment goes to the text of the bill, and the amendment proposed by the Senator from Tennessee can be offered after the committee amendments are disposed of. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment of the committee was, on page 4, line 3, to insert the words "and national parks and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053)."

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I believe that concludes the committee amendments.

The VICE PRESIDENT. The bill is now open to amendment.

Mr. McKELLAR. I offer an amendment on page 4, after the word "including" in line 1, to insert the words "areas to be established as," and after the word "authorized," in line 1, page 4, to strike out the words "to be established."

The VICE PRESIDENT. Is there objection to considering the two amendments together?

Mr. HAYDEN. Mr. President, I did not catch the amendments as they were stated.

Mr. McKELLAR. After the word "including," in line 1, page 4, I move to insert the words "areas to be established as."

The amendment was agreed to.

Mr. McKELLAR. After the word "authorized," in line 1, page 4, to strike out the words "to be established." It is not necessary to repeat those words.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 3, after the parenthesis, the Senator from Kentucky proposes to amend by adding "and under the act of May 25, 1926 (U. S. C., Supp. V, title 16, sec. 404)."

The amendment was agreed to.

Mr. BINGHAM. Mr. President, I have an amendment on the desk, which I ask to have reported.

The VICE PRESIDENT. The Secretary will read the amendment.

The LEGISLATIVE CLERK. On page 2, line 1, the Senator from Connecticut proposes to strike out the period, to insert a comma, and the words "except that such apportionment shall be wholly on the basis of population."

Mr. BINGHAM. Mr. President, in support of this amendment I shall, at a later date, offer a carefully prepared statement regarding unemployment in the various States.

Some time ago, just after this bill passed the House, I think on the 27th of February, I sent a telegram to the governor of each State asking him about conditions in his State. It had been stated here on the floor in debate that there were millions of people starving in the United States, and I was anxious to secure the latest information from the governors of the States as to the number of people starving in their States.

At some future date, when there is more time than at present, I shall read the replies which I have received. I may say at this time that no governor has reported that there were starving people in his State. Some of them have resented the imputation that any people might be starving in their States. One governor has said that the amount allowed by the largest city in his State for relief was not sufficient properly to feed the families in need, but in general there has been no report of starvation in any of the States.

I also asked how many unemployed there were in each State at present, and I am having the figures compiled. In the meantime, I endeavored to find out the number of unemployed from various agencies in Washington. It had been stated in debate on the floor of the Senate that there were 10,000,000 unemployed in the United States, and when I questioned that figure, my remarks were received by the Senator who had mentioned that figure as being unique, in that no one questioned the fact that there were 10,000,000 unemployed except the Senator from Connecticut.

The figures I am now having compiled will show that the governors of the several States report a very much smaller number than that. I asked the American Federation of Labor to give me the distribution of unemployed by States, and so far they have not been able to do so. I asked the Department of Labor to give me the distribution by States, and they stated that they had no figures from which that could be arrived at, but suggested that I get in touch with the Department of Commerce.

I got into communication with the Secretary of Commerce, and his reply was printed in the RECORD the other day. It showed that the only accurate figures were those taken from the census a year ago last April, but that it was the belief of the Department of Commerce that the condition had not seriously changed with regard to the distribution of unemployed, except that in the larger and more industrial States there was an increase in unemployment.

The figures which I put into the RECORD at that time showed that the proportion of unemployed bore a very reasonable relationship to the proportion of population, and that it would not be unreasonable at all to adopt this amendment.

If this amendment shall be adopted, we may be sure that except for the largest States, containing the greater number of unemployed, namely, the States of New York, Pennsylvania, Illinois, Michigan, and possibly Ohio, where the proportion of unemployed is larger than the proportion of population in comparison with the total population of the United States, except for those States, this would be the fairest possible division, in view of the fact that we are totally unable to find the actual number of unemployed in each State.

The bill as it passed the House, and as it had been reported by the Committee on Post Offices and Post Roads to the Senate, makes a totally unfair division of aid.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. The bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

Mr. BINGHAM. The road bill as reported to the Senate proposes to divide the \$120,000,000 which is to be distributed among the States in accordance with the usual provisions of Federal aid to roads. It is well known that the usual provisions of Federal aid for roads are based upon three things—population, area, and mileage within the State. If they were based entirely on population, I should have no reason for offering the amendment, but in view of the fact that they are based on mileage and area, the result is that the larger and less populated States get a far greater amount of relief under the bill than do the industrial States, where the greatest amount of unemployment occurs.

At a later time, because I do not desire at this time to interfere with the progress of the unfinished business, I shall present the figures to show that the State, for instance, from which the chairman of the committee comes, who just made an able argument in favor of the bill, will receive per person unemployed more than \$600, whereas States like New York, Pennsylvania, and Illinois, which have the greatest amount of unemployment, will receive only about \$10 per capita. In other words, the bill as it is now before us is not a bill to relieve fairly unemployment all over the United States but is a bill to promote the building of roads in the larger States, where less population and less unemployment occur.

Mr. MCGILL. Mr. President, I intend to occupy but a few moments of the time of the Senate. I had hoped that the bill which has been under consideration would not involve any particular amount of debate. It did consume considerable time in the House and involve considerable discussion. The remarks I have in mind to make are intended in a way to be in response to some of the contentions made in the House in opposition to the bill. I feel that the measure should be speedily passed. I believe it would be of great assistance in relieving the unemployment which exists in the country. The remarks I shall make will be along that line and intended, sir, in response to contentions made in opposition to the measure in the other body.

The Congress throughout this session has been dealing with so-called emergency legislation. Much of the legislation thus far adopted, in my judgment, will be of little aid to the masses of the people. With the exception of the Glass-Steagall Act, one can scarcely find a measure thus far enacted or a recommendation by the President which could be said to be of a character that would establish permanent relief. All has been styled "emergency legislation" and designed to aid some particular class or classes of industry, apparently enacted with the view that by appropriating money out of the Treasury for their aid some portion of their enhanced wealth would leak down among the common people and that some small portion of the army of the unemployed would to a small degree benefit thereby. In other words, the policy of the administration has been and is to water the tree at the top rather than at its base.

The Glass-Steagall Act was a Democratic measure. It was fathered and guided through both Houses of Congress by Democratic leadership. Its provisions and principles had long been advocated by Democrats as Democratic doctrine. Those same principles had likewise been ridiculed and denounced by leaders of the party in control of the executive branch of the Government, and still in control of the upper House of Congress. These principles had been opposed and ridiculed by the former Secretary of the Treasury, Mr. Mellon, and by the present Secretary of the Treasury, Mr. Mills, while he was yet the Assistant Secretary of the Treasury, and were only finally concurred in by the administration as an expediency. With that exception, so-called emergency legislation has been the program under the leadership of a President who during the campaign of 1928 boasted of the prosperity which would prevail through-

out the country in the event of his election, and who in that campaign apparently led a majority of the electors of our country to believe that an administration to be presided over by him would be a guaranty of a job for every man.

Large banks, railroads, and insurance companies are to be given, at the hands of Government, whatever benefits may result from the creation of the Reconstruction Finance Corporation. Five hundred million dollars were directly appropriated out of the Treasury and an additional billion and a half guaranteed by the Government, to be used by the Reconstruction Finance Corporation in the act creating it, all of which was approved by the President. Likewise \$125,000,000 have, with his approval, been appropriated out of the Treasury for the Federal land banks.

When these measures were pending none of the opponents of this bill arose to say, "Where is the money coming from?" None of them suggested that those measures would make a sales tax necessary in order to balance the Budget or to pay the running expenses of the Government. But when a measure such as this is considered by the Congress, whereby it is proposed to appropriate \$120,000,000 as an emergency fund to be expended in the construction of Federal highways, and thereby give employment over a period of months to at least a portion of the great army of the unemployed in this country, the cry immediately goes up from among those in high places in the affairs of government, "Where is the money coming from?" And it has even been suggested that the appropriation would result in a sales tax.

In so far as the subject of emergency legislation is concerned this bill as emergency legislation is the one measure the adoption of which can be justified from every viewpoint. Not only is it a fact that there is much construction on Federal highways which should be proceeded with, but most all of the funds to be appropriated for such purposes will go to labor and thus be of benefit among those who toil—those most in need. I do not look upon this measure as being one simply designed for the purpose of providing employment, although it will work as an aid in that direction more than any other measure this Congress has thus far adopted. There exist projects for the building of Federal highways with which we should proceed that can not go forward without the money provided for in this bill.

In hearings before the committees it was developed that all State highway departments not only ask for the aid proposed in this bill, but are prepared with plans for the construction of highways so that they can go forward without any loss of time whatever.

The appropriation of \$120,000,000 authorized in this bill, added to the appropriation of \$100,000,000 for similar work as contained in the agricultural appropriation bill, amounts to only about \$9,000,000 more than was actually expended by the Government on Federal highways during the last calendar year. This is a small amount, comparatively speaking. In this connection it should be recalled that last year the administration asked for and received an emergency appropriation of \$80,000,000 for the identical purpose of providing employment as are contained in the provisions of this bill.

The report of the House committee states that definite information is on file to prove that 90 cents of every dollar expended on roads goes to labor; and in this connection it is only fair to say that the hearings held before the Senate Committee on Post Offices and Post Roads on the bill introduced by the Senator from Nevada [Mr. OGDEN] disclose that on the major portion of highway construction 90 cents of every dollar so expended goes to labor.

The bill further provides that the Secretary of Agriculture is authorized to make rules and regulations for carrying out the provisions of the act with a view of providing the maximum employment of local labor consistent with reasonable economy of construction, and that neither convict labor nor anyone except citizens of the United States shall be employed.

Considering the fact that money expended on highways is an actual investment and the employment which would

go to a large number of our unemployed furnish ample grounds for support of this measure. Certainly it will not solve our problem of unemployment, but the fact it would not provide employment to all who are not now employed is no reason for opposition. The fact that it will provide employment to some does furnish a basis for support. Opposition from the Department of Agriculture should not hinder passage of this bill. How can it be presumed the President will not approve this bill for the purposes for which it is designed when only last year, even though there was not so great a need of it then as exists to-day, he recommended and approved an identical measure appropriating \$80,000,000? Hence we are entitled to assume he will regard this as a proper measure and accord it his approval.

Under provisions of the bill, States which can not match the 50-50 fund of the Federal aid highway act could draw on this emergency fund for that purpose and go forward with highway construction already planned. The Nation needs the highways and men need the employment. This is not the kind of appropriation in which a policy of retrenchment should begin. We are not donating to the States. The bill provides that the money is to be an advancement and shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making deductions from regular appropriations made from future authorizations for carrying out the provisions of the Federal aid highway act.

I am convinced that in so far as the State is concerned, which I in part have the honor to represent, the adoption of this measure will accomplish more to relieve the problem of unemployment existing in Kansas than could be accomplished by any other measure which has been proposed. The bill provides that the highway department of each State shall fix a minimum wage, which shall be contained in the contract with those undertaking any proposed road construction, thus assuring that among the purposes of the bill the one to aid in relieving unemployment will be carried out in a manner so as to guarantee a decent wage to labor.

I am sure the people of Kansas, as well as the people of the country generally, are in sympathy with any reasonable movement to reduce appropriations as much as is possible, but I am also sure they feel that after large appropriations have been made to the great financiers of the country, the common folk should not be denied this comparatively small authorization for an emergency road program.

After large financial interests have been provided for and this measure has been brought forward we are warned of a sales tax. No one abhors the burdens of a sales tax upon our people more than I do. I think such a tax should never have become necessary. But let it be understood that if a sales tax has become necessary in order to meet governmental expenses such a tax has not and will not have been made necessary by this measure. It should never be overlooked that when this Congress convened there was a deficit in the Treasury of nearly \$2,000,000,000; that this deficit has been materially increased by legislation heretofore adopted at this session of the Congress—enacted at the requests and demands of the President. If a sales tax has become necessary and the Congress from sheer necessity enacts a law providing for the collection of such a tax, the necessity therefor will not have arisen by virtue of the enactment of the pending bill. Its cause can be traced to the extravagant policies of the administration prior to the convening of this session of the Congress and the enormous deficit then existing in the National Treasury. When we take into account the national policy of the administration with reference to the expenditure of public funds, it little behooves anyone seriously to oppose the adoption of the pending bill, nor likewise to contend its adoption would be a material factor in making a sales tax a necessity.

I am convinced that with knowledge of the fact that highway work is planned and ready to be proceeded with if these necessary funds are provided, and, with the deplorable condition of unemployment existing in every State, the

Senate should follow the lead of the House in this instance and speedily pass the pending bill.

I have received many requests from various labor organizations in Kansas urging that this measure be adopted in the interests of laboring people, many of whom would be those who do not belong to organized labor; and have likewise received similar requests from chambers of commerce, located in that State, including a communication from the Kansas State Chamber of Commerce, which is the central body of the various chambers of commerce in Kansas, urging the particular aid the measure would afford to labor in States like Kansas, where road mileage is comparatively great, and stating that if the bill is defeated the road program in Kansas will be seriously curtailed.

The State chamber of commerce further states that with projects ready for the letting of contracts the bill, if passed, would in Kansas alone put about 3,500 additional men to work and permit approximately 30 per cent more highway construction in Kansas than would otherwise be possible during the current year. If the estimates of these organizations are correct, then the testimony in the committee hearings and opinions from various other sources that the adoption of this bill will be the means of furnishing employment directly and indirectly the country over to a very large number of men between now and midsummer can be said to be correct. This being true, and with an unabated depression on among our people, I desire to place myself on record as favoring the adoption of this measure, and again express the hope that it may be speedily passed.

Mr. BINGHAM. I desire to make a few remarks in reply to what the Senator from Kansas has just said.

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. VANDENBERG. I yield briefly.

Mr. BINGHAM. Mr. President, it is not surprising that the Senator from Kansas is in favor of this bill, because, on the basis of the only official figures regarding unemployment which are obtainable, namely, the census figures taken a year ago last April—and it is submitted and not contradicted that unemployment at the present day, while very much greater, is at the same time in about the same proportion as then—there were in Kansas at that time 28,100 unemployed. The proposed appropriation for supplemental highway work would give Kansas \$3,276,334, and permit for each unemployed person in Kansas an amount of \$116.59. This is larger than the amount allowed to any one of 36 other States. In other words, Kansas is in the position of being one of 12 States which would receive more per capita of unemployment than the other 36 States.

Mr. President, the Governor of Arizona reports that there are 20,000 unemployed in Arizona; so that the amount which Arizona would receive per capita of unemployment is \$88.13. In the case of California it amounts to only \$9.33 per capita of unemployment, according to the latest figures furnished by the governor. In Colorado it amounts to only \$9.16; in Illinois it amounts to only \$5.07, whereas in Nevada, the State from which comes the Senator who moved the consideration of the bill this morning, according to the figures from the governor, there were 2,500 unemployed; their share of the proposed appropriation is \$1,578,025, and the amount per capita of unemployment is \$631.21.

Mr. ODDIE. Mr. President—

Mr. VANDENBERG. Mr. President, I do not care to yield the floor.

The VICE PRESIDENT. The Senator from Michigan has the floor, and, under the rule, can yield only for a question.

Mr. VANDENBERG. I want to proceed with the unfinished business, which is now presumably before the Senate.

The VICE PRESIDENT. The Senator from Michigan declines to yield further.

Mr. ODDIE. Mr. President, will not the Senator from Michigan allow me to ask one question of the Senator from Connecticut in reply to the statement he has just made regarding conditions in my State?

Mr. VANDENBERG. If it will not involve an hour and a half, I yield.

Mr. ODDIE. No; it will take but a moment.

Mr. VANDENBERG. Very well.

Mr. ODDIE. I should like to make the comment, Mr. President, in answer to what the Senator from Connecticut has said regarding the population and the amount that will be received by the State of Nevada, that the Federal Government owns about 90 per cent of the area of the State of Nevada, and the people of that State are doing many, many times what the people of other States are doing in the building of roads; the burden is much heavier on them. I can very easily argue the matter and, I am satisfied, convince the Senator as to that.

One other point—

Mr. VANDENBERG. Mr. President, I yielded for one point, not for two.

The VICE PRESIDENT. The Senator from Michigan declines to yield further, and the unfinished business, which was laid before the Senate at 2 o'clock, will be proceeded with.

INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 8397) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1933, and for other purposes.

Mr. VANDENBERG. Mr. President, if I understand the parliamentary situation, the pending amendment is the committee amendment to strike out certain language on pages 111, 112, and 113 of the pending bill. I shall move to perfect the House text by offering an amendment in the form of a substitute for sections 3 and 4.

The VICE PRESIDENT. Will the Senator send his proposed substitute to the desk and have it read?

Mr. VANDENBERG. I will send the substitute to the desk in a moment. I desire first to address myself to the text of the bill and its relation to this problem.

Mr. President, it seems perfectly obvious to me, as a result of the experience through which the Senate has gone during the last few weeks, that it is absolutely impossible to achieve essential economy through any efforts upon the floor of the Senate, no matter how nobly meditated, to pare down appropriations. We have struggled here with sincerity and earnestness upon both sides of the aisle through two major appropriation bills, and the net result in terms of economy is absolutely negligible. It is relatively futile in terms of tax relief to the American people. That is no reflection upon the efforts that have been made. On the contrary, it is a reflection of the impossible situation which we confront. As the Senator from Tennessee [Mr. McKellar] so well knows, as a result of his efforts during the past few weeks, we have shaved a few dollars from a few items. But we all know, if we be candid, that it is the physical fact that we confront an entrenched bureaucracy which in the very nature of the situation can not be reached through sporadic efforts at amendment on the floor of the Senate or on the floor of the other House. The departments bring their experts to our committees and, in good faith, defend every existing instrumentality. We can not cope with such testimony. We lack the means. In the very nature of things we lack the powers of concentrated and effectual rebuttal. We lack the practical powers to perform major operations.

The attack upon swollen expenditures, Mr. President, in order to accomplish the results which the country demands of this Congress, must be made upon the bureaucratic structure itself. We must strike at the root. There must be a combination of attack upon overlapping functions; there must be an elimination of duplication; there must be an elimination of doubtful or useless services; and it is perfectly obvious, as the result of the discussions to which we have submitted ourselves during the past few weeks that there are useless services, and that there are opportunities for eliminations and for useful combinations. There are opportunities to suspend certain activities which we can temporarily do without. But we are not reaching these targets.

Mr. President, I repeat that this process of reorganizing the fundamental structure never in the world is going to be achieved by congressional effort on the floor of either House. It is absolutely impossible to get a meeting of minds when there are 531 minds that have got to meet. It must be an executive function. In any other business, Mr. President, it is an executive function, and there is no reason why we should anticipate that we can relieve ourselves from the same type of operation which proceeds in the ordinarily successful business. We are dealing with the biggest business in the world, and it should be on a business basis.

So, Mr. President, I am proposing a substitute which goes directly and effectively to the point which I am discussing. I call the attention of the Senate to the fact that Vice President Marshall, ruling upon a point of order several years ago concluded—and I now quote him, reading from page 116 of the Precedents of the United States Senate—

Notwithstanding the rule of the Senate to the effect that general legislation may not be attached to an appropriation bill, still when the House of Representatives opens the door and proceeds to enter upon a field of general legislation which has to do with a subject of this character, the Chair is going to rule * * * that the House having opened the door the Senate of the United States can walk in through the door and pursue the field.

Mr. President, the House has opened this parliamentary door; it has opened it in sections 3 and 4 of the pending bill, the sections which the committee proposes to strike out. It has opened the door on the theory that it is going to undertake to contribute to this reorganization and this economy by a limitation upon promotions and upon salary increases.

The House having opened the door in this fashion, I shall suggest to the Senate, in the language of Vice President Marshall, that the Senate "walk in through the door and pursue the field," and that it "pursue the field" to its logical and fruitful conclusion. I shall offer a substitute, Mr. President. It will take the verbatim form of Senate Joint Resolution No. 76 introduced on January 6 by the distinguished Senator from Georgia [Mr. GEORGE], as amended in the favorable report of the Finance Committee on February 1, and as now constituting Calendar No. 167.

I am sure the Senator from Georgia will understand that I am not seeking to preempt the authorship or to seek to share in the credit for the thoroughly splendid philosophy which he has submitted to the Senate in his thoroughly sound joint resolution. On the contrary, I attribute the authorship specifically to him, and I congratulate him upon it. My contribution is simply a procedural contribution, in that I am suggesting that the language contained in his joint resolution—which, I repeat, has the unanimous approval of the Finance Committee of the Senate—be inserted in lieu of the matter to be stricken out in sections 3 and 4.

Now what is this language and what is its objective? It is all summarized in the first few words of the joint resolution. I quote—

That whenever the President finds that it is in the interest of the efficient exercise of the executive power and administration of the executive branch of the Government he is authorized, by Executive order—

(1) To transfer the whole or any part of any independent executive agency, and/or the functions thereof, to the jurisdiction and control of an executive department or another independent executive agency;

(2) Transfer the whole or any part of any executive agency, and/or the functions thereof, from the jurisdiction and control of one executive department to the jurisdiction and control of another executive department; or

(3) To consolidate or redistribute the functions vested in any executive department or in the executive agencies included in any executive department.

Mr. President, the remainder of the proposal is retained, with the exception that the Committee on Finance added an amendment which is included in the proposal as I shall send it to the desk.

That any such action—

Meaning action on the part of the President under this executive authority—

shall be final unless Congress, by a concurrent resolution, shall disapprove it within 60 days.

Mr. President, I submit this proposal on the theory that the American people demand of us an accounting in practical economy and have a right to expect us to respond to their challenge. I am submitting it on the theory that we have already demonstrated by experience that, no matter how sincerely we may undertake to reorganize the finances and appropriations of the Government through the medium and agency of appropriation bills, we are practically impotent in the undertaking. I am submitting it on the theory that in any ordinary big business operation in the country the responsibility for the reorganization upon an economical basis of the subdivisions of the business rests squarely upon the executive. I am submitting it upon the theory that when the Executive has the power and authority to proceed in these vital directions he can then appropriately be held strictly accountable for the net result and not otherwise.

I send the amendment to the desk as a substitute for the House text in sections 3 and 4 of the pending bill.

The VICE PRESIDENT. Let the amendment be read.

The LEGISLATIVE CLERK. In lieu of the language proposed to be stricken out in sections 3 and 4, it is proposed to insert the following:

Resolved, That whenever the President finds that it is in the interest of the efficient exercise of the executive power and administration of the executive branch of the Government he is authorized, by Executive order—

(1) To transfer the whole or any part of any independent executive agency, and/or the functions thereof, to the jurisdiction and control of an executive department or another independent executive agency;

(2) Transfer the whole or any part of any executive agency, and/or the functions thereof, from the jurisdiction and control of one executive department to the jurisdiction and control of another executive department; or

(3) To consolidate or redistribute the functions vested in any executive department or in the executive agencies included in any executive department.

SEC. 4. The President's order directing any transfer or consolidation under the provisions of sections 3 to 8, inclusive, shall also designate the records, property (including office equipment), personnel, and unexpended balances of appropriations to be transferred.

SEC. 5. (a) All orders, rules, regulations, and permits or other privileges made, issued, or granted by or in respect of any executive agency or function transferred or consolidated with any other executive agency or function under the provisions of sections 3 to 8, inclusive, and in effect at the time of the transfer or consolidation, shall continue in effect to the same extent as if such transfer or consolidation had not occurred, until modified, superseded, or repealed.

(b) No suit, action, or other proceeding lawfully commenced by or against the head of any department or executive agency or other officer of the United States, in his official capacity or in relation to the discharge of his official duties, shall abate by reason of any transfer of authority, powers, and duties from one officer or executive agency of the Government to another under the provisions of sections 3 to 8, inclusive, but the court, on motion or supplemental petition filed at any time within 12 months after such transfer takes effect, showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the head of the department or executive agency or other officer of the United States to whom the authority, powers, and duties are transferred.

(c) All laws relating to any executive agency or function transferred or consolidated with any other executive agency or function under the provisions of sections 3 to 8, inclusive, shall, in so far as such laws are not inapplicable, remain in full force and effect, and shall be administered by the head of the executive agency to which the transfer is made or with which the consolidation is effected.

SEC. 6. Whenever, in carrying out the provisions of sections 3 to 8, inclusive, the President concludes that any executive department or agency should be abolished and the functions thereof transferred to another executive department or agency or eliminated entirely, he shall report his conclusions to Congress, with such recommendations as he may deem proper; and such action shall be final unless Congress, by concurrent resolution, shall disapprove it within 60 days.

SEC. 7. When used in sections 3 to 8, inclusive—

(1) The term "executive agency" means any commission, board, bureau, division, service, or office in the executive branch of the Government, but does not include the executive departments.

(2) The term "independent executive agency" means any executive agency not under the jurisdiction or control of any executive department.

SEC. 8. The President shall report specially to Congress at the beginning of each regular session any action taken under the provisions of sections 3 to 8, inclusive, with the reasons therefor.

Mr. ROBINSON of Arkansas. Mr. President, this proposal is plainly general legislation; and, notwithstanding the precedent cited by the Senator from Michigan [Mr. VANDENBERG], the Senate is entitled to legislate on this subject free from the consideration of items in an appropriation bill.

The subject matter stricken out in the bill probably is legislation; but it has little, if any, relationship to the legislation carried in the amendment offered by the Senator from Michigan.

No presiding officer has ever held, merely because one legislative provision is incorporated in a general appropriation bill by the body at the other end of the Capitol, that that has the effect of abrogating the rule of the Senate, or of relaxing the rule so as to make permissible amendments here not germane to the House language stricken out by the committee amendment.

The language stricken out in the bill has no reference to the consolidation, transfer, or abolishment of executive agencies or bureaus. It relates to other subjects only most remotely connected with the subject matter of the amendment proposed by the Senator from Michigan.

As indicated on a different occasion, I am in sympathy with the purposes of this proposed legislation, but I do not think the Senate should proceed on the theory that while we are considering a general appropriation bill it is practicable or consistent with the rules of the Senate to determine such issues merely because the other House inserted an amendment on some other subject—an amendment legislative in character.

This is a subject of the very greatest importance. It should be considered carefully by the Senate. As heretofore expressed to the Senate, it is my judgment that this Government has become too large; that if it is to be restored to its proper relationship in the affairs of the people there will be occasion to abolish a good many agencies. Wholesome ends may be accomplished by the transfer of one agency to a different department from that to which it is now attached, and something may be accomplished in the nature of consolidation, but I do not believe that the Senate ought to attempt to work out a problem of this character on a general appropriation bill. I think we ought to take up the subject as we do other important legislation—consider it and act upon it. It is not generally understood by Senators that when we are trying out the issues in an appropriation bill we shall undertake to determine important questions of legislation. The subject is of too much importance to treat in that way.

I know it can be said that the opportunity is at hand so that we can suspend the rules if we wish to do so and make it in order to consider any amendment that we desire to dispose of, but I believe the best interest will be conserved by conforming to the rule of the Senate.

I do not think the precedent cited by the Senator from Michigan is applicable in this case at all.

Mr. BORAH. Mr. President, I have no observations to offer with reference to the parliamentary situation; but I should want to consider this joint resolution—for it is a joint resolution, offered now in the nature of an amendment—somewhat at length before voting on it.

I think the tendency of such a measure as this is to relieve Congress from its duty—and it has a very serious and solemn duty in regard to this matter—and undertake, as it were, to "pass the buck" to the President of the United States. That is accentuated by this clause, which I think is clearly objectionable in any kind of legislation with reference to this matter:

SEC. 4. Whenever, in carrying out the provisions of this joint resolution, the President concludes that any executive department or agency should be abolished and the functions thereof transferred to another executive department or agency or eliminated entirely, he shall report his conclusions to Congress, with such recommendations as he may deem proper.

That was the amendment offered by the Senator from Georgia [Mr. GEORGE]. Then the committee added:

And such action shall be final, unless Congress, by concurrent resolution, shall disapprove it within 60 days.

In the first place, I doubt whether we have that power. It seems to me the delegation of legislative power. In the second place, I think the Congress has a responsibility about this matter, and I do not favor the passage of any measure which will relieve Congress of its great responsibility.

So far as the Executive is concerned, the Executive has a vast amount of initiative power now with reference to this matter; and if it has ever been used—that is, one recommendation to abolish bureaus—that fact has not come to my knowledge.

Look at section 209 of the act creating the Bureau of the Budget:

The bureau, when directed by the President, shall make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of the public service) should be made in (1) the existing organization, activities, and methods of business of such departments or establishments, (2) the appropriations therefor, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports, or any part thereof, with his recommendations on the matters covered thereby.

What more power does the President need in order to get this matter before the legislative body? If there are regroupings that seem necessary, if there are overlappings which are unnecessary, if expenditures exist which ought not to exist, if there is an overloading of the governmental functions, here is the power in the President to ascertain that fact and make his recommendations to Congress. Here the President is authorized by an established bureau to hunt out, search out, ferret out the defects, and to recommend to Congress what shall be done in regard to the matter. I do not see in this particular joint resolution anything in the way of additional necessary power.

In addition to that, the President has at his command the Bureau of Efficiency, and also the General Accounting Office.

The reason why we make no progress in reducing expenditures is because the executive department passes the matter to the legislative department, as is evidenced by the controversy which has been going on for the last few days between the other House and the President, and the legislative department passes it over to the President, and vice versa. We are the representatives of the people in the matter of appropriations. We must not shun responsibility. We should ourselves do our duty, and if we do not do our duty the people have their remedy in choosing other public servants. The responsibility is upon us. I am not in favor of passing a measure which attempts to place upon the President the entire responsibility, and having the Congress say that if we do not act on it within 60 days—and we may not be here—the President's action shall be final and complete.

If the President needs any additional authority to make the research, to make the investigation—and I do not see that he does need it—but if he does, I am entirely willing to give it to him. I am not willing, however, to have the Congress of the United States step from under the responsibility which rests upon it. If this Congress will not cut expenses and reduce costs of government, let the people know it by the next election.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. Most of the bureaus and much of the increased expense which they occasion have been created by direct action of the Congress; and there is in my mind a question whether the provision that the Senator read and objected to constitutes an attempt, an invalid attempt, to delegate legislative power.

Mr. BORAH. It seems to me that it is so near the border line that it is certainly worthy of more consideration than we have given to it yet; but even if it is not constitutionally undesirable, as a matter of policy upon the part

of the Congress it ought not to shunt the responsibility which rests upon it.

Mr. President, another thing: If we will study the Budget recommendations which have come down to the Congress for the last 10 or 12 years we will find that the Congress has been just as apt to protect the Treasury of the United States as has the executive department. Congress in all probability is not in a position to criticize the executive department for extravagance; but certainly the executive department is not in a position to say to the Congress that it is the extravagant body and that the executive department is the economical body in the Government. There is no more reason in view of experience to assume that the Executive will be more efficient than the Congress. We have in many instances, time and again, reduced the Budget recommendations below the recommendations as they came to the Congress.

I repeat, in concluding, that there is a responsibility upon the Congress which the Congress can not pass from under. This may be a very good time politically for the Congress to pass it over to the President, but it is not the proper thing to do, in my judgment.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. McKELLAR. It will be remembered that every year save one since the Budget was established the Congress has appropriated less money than was recommended by the Budget and the President.

Mr. BORAH. There is another thing I desire to say. I thank the Senator for that suggestion. I think this is an impossible task to impose upon the President. The President is situated in the midst of a great bureaucracy, one of the largest in the world. He would be appealed to on every hand, and in every way, in every move he would make to reduce or to cut out expenditures in the way of reducing bureaus. I do not think the President is in a position to carry this out, no matter how capable he is or what he might wish to do. When we come to discuss this matter more fully on its merits I shall make a suggestion which I believe will be helpful both to the President and the Congress in reducing expenditures of Government.

The VICE PRESIDENT. The Chair is ready to rule.

Mr. VANDENBERG. Mr. President, I do not care to prolong the matter beyond offering a few observations in response to those submitted by my good friend the Senator from Arkansas [Mr. ROBINSON] and my good friend the Senator from Idaho [Mr. BORAH]. Of course, it goes without saying that they have just as much zeal as I have with respect to the objective which we are addressing.

I am not concerned about any quarrel between the executive and the legislative branches over credit for reducing appropriations. I am concerned about reducing appropriations. I care nothing whatever about the success or failure which either the executive or the legislative branch may have had heretofore in reducing expenditures. I am concerned about actually reducing expenditures now and hereafter.

I submit that we confront the practical fact, as demonstrated during the past two weeks, that we are not going to cut these appropriations except as, first of all, something happens to the departmental structure itself, and I do not see, under existing circumstances, how it is possible for anything to happen to the structure except as we clothe the Executive with the same type of executive authority as exists in every other business on earth, an authority not merely to recommend to Congress that something may be done but authority to proceed in this emergency to produce the tax-saving results which the American people demand.

Mr. WALSH of Montana. Mr. President, before the Vice President rules on this matter—

The VICE PRESIDENT. The Chair is ready to rule, but will be very glad to hear the Senator.

Mr. WALSH of Montana. I desire to remark that when a bill comes to us from the House in which appears some general legislation, our rules must be construed to mean only

that legislation germane to that which is contained in the bill could be proposed as an amendment thereto. Otherwise, if an appropriation bill should come to us from the House with a perfectly insignificant provision in it in relation to law generally, any kind of a bill could then be attached to the appropriation bill by way of amendment.

An amendment to legislation in a bill which comes from the House containing general legislation must obviously be germane to the legislation which is in the bill as it comes to us from the House.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. VANDENBERG. I concede absolutely the point which the Senator now makes respecting the necessity that the subject matter shall be germane, and, as I understand it, under the rules of the Senate that problem must be submitted to the Senate for its own decision without debate.

Mr. WALSH of Montana. Every point of order is submitted without debate, unless the Chair tolerates it.

The VICE PRESIDENT. The Chair is familiar with the decision of Vice President Marshall, which was submitted to the Senate. His decision was sustained; but the Chair thinks that the Senator from Arkansas [Mr. ROBINSON], the Senator from Montana [Mr. WALSH], and, for that matter, the Senator from Michigan [Mr. VANDENBERG], are right with respect to germaneness, and that if the House inserts general legislation in a general appropriation bill any amendment submitted to that provision in the Senate must be germane or relevant and the question of germaneness or relevancy must be submitted to the Senate. Therefore, the Chair submits to the Senate the question, Is the amendment proposed by the Senator from Michigan germane to the provision contained in the bill as it came from the House?

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GEORGE. Mr. President, is the question debatable?

The VICE PRESIDENT. The question is not debatable.

Mr. ROBINSON of Arkansas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ROBINSON of Arkansas. I think the Chair should state the question which was submitted to the Senate.

The VICE PRESIDENT. The question is, Is the amendment proposed by the Senator from Michigan germane?

Mr. WALSH of Montana. For information, under the provision of what rule is this matter submitted to the Senate?

The VICE PRESIDENT. Under paragraph 4, Rule XVI.

Mr. ROBINSON of Arkansas. Mr. President, pending the calling of the roll, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Howell	Pittman
Austin	Couzens	Johnson	Reed
Bailey	Dale	Jones	Robinson, Ark.
Bankhead	Davis	Kean	Robinson, Ind.
Barbour	Dickinson	Kendrick	Schall
Bingham	Dill	Keyes	Sheppard
Black	Fess	King	Shipstead
Blaine	Fletcher	La Follette	Smith
Borah	Frazier	Lewis	Smoot
Bratton	George	Logan	Stelwer
Brookhart	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Trammell
Byrnes	Gore	Metcalf	Vandenberg
Capper	Hale	Morrison	Wagner
Caraway	Harrison	Neely	Walcott
Carey	Hatfield	Nye	Walsh, Mont.
Coolidge	Hayden	Oddie	White
Copeland	Hebert	Patterson	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a pair with the junior Senator from Texas [Mr. CONNALLY]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT (when his name was called). I have a pair with the junior Senator from Louisiana [Mr. LONG]. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. If at liberty to vote, I should vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence I withhold my vote.

Mr. SMITH (when his name was called). I have a general pair with the senior Senator from Indiana [Mr. WATSON]. In his absence I transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE] and vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. METCALF. I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. JONES. I find I can transfer my pair with the senior Senator from Virginia [Mr. SWANSON] to the Senator from Colorado [Mr. WATERMAN], which I do, and vote "yea."

Mr. STEIWER (after having voted in the affirmative). On this vote I am paired with the Senator from New Mexico [Mr. BRATTON]. I find that he has not voted, and I therefore withdraw my vote. If permitted to vote, I would vote "yea."

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the Senator from Missouri [Mr. HAWES] and allow my vote to stand.

Mr. SHEPPARD. I wish to announce that the following Senators are absent on official business: The Senator from Kentucky [Mr. BARKLEY], the Senator from New Mexico [Mr. BRATTON], the Senator from Louisiana [Mr. BROUSSARD], the Senator from Massachusetts [Mr. COOLIDGE], and the Senator from Missouri [Mr. HAWES].

Mr. FESS. I wish to announce the following general pairs:

The Senator from New Mexico [Mr. CUTTING] with the Senator from Massachusetts [Mr. WALSH];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Tennessee [Mr. HULL];

The Senator from New Hampshire [Mr. MOSES] with the Senator from Louisiana [Mr. BROUSSARD];

The Senator from California [Mr. SHORTRIDGE] with the Senator from Georgia [Mr. HARRIS];

The Senator from Indiana [Mr. WATSON] with the Senator from South Carolina [Mr. SMITH];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS]; and

The Senator from South Dakota [Mr. NORBECK] with the Senator from Kentucky [Mr. BARKLEY].

The result was announced—yeas 32, nays 34, as follows:

YEAS—32

Austin	Couzens	Hale	Oddie
Bankhead	Dale	Hatfield	Patterson
Barbour	Davis	Howell	Reed
Bingham	Dill	Johnson	Smoot
Black	Fess	Jones	Thomas, Okla.
Capper	George	Kean	Vandenberg
Carey	Glenn	McGill	Walcott
Copeland	Goldsborough	McNary	White

NAYS—34

Ashurst	Costigan	King	Schall
Bailey	Fletcher	La Follette	Sheppard
Blaine	Frazier	Logan	Shipstead
Borah	Glass	McKellar	Smith
Brookhart	Gore	Morrison	Trammell
Bulkley	Harrison	Neely	Wagner
Bulow	Hayden	Nye	Walsh, Mont.
Byrnes	Kendrick	Pittman	
Caraway	Keyes	Robinson, Ark.	

NOT VOTING—30

Barkley	Coolidge	Hastings	Lewis
Bratton	Cutting	Hawes	Long
Broussard	Dickinson	Hebert	Metcalf
Connally	Harris	Hull	Moses

Norbeck
Norris
Robinson, Ind.
Shortridge

Stelwer
Stephens
Swanson
Thomas, Idaho

Townsend
Tydings
Walsh, Mass.
Waterman

Watson
Wheeler

So the Senate decided Mr. VANDENBERG's amendment not to be germane.

The VICE PRESIDENT. The question is on the amendment of the committee to strike out, on page 111, lines 3 to 20 in section 2 and all of sections 3 and 4.

Mr. GEORGE. Mr. President, since the Senate has passed upon the relevancy of the amendment and inasmuch as it was out of order to discuss the matter after the Chair ruled against the point of order made and submitted the question of germaneness to the Senate, I wish to say a few words upon the amendment itself.

Those of us who are talking about economy may as well know that we have attacked the administration in his one invulnerable spot when we refuse to give the President the power to consolidate or to merge or to abolish purely executive agencies. I do not care to say anything more, but we might as well recognize the fact, which the country will recognize too, that this is the one invulnerable spot in the administration's armor against which we direct our attack, if the action taken is based upon opposition to the amendment itself.

There is not in the amendment offered by the Senator from Michigan [Mr. VANDENBERG]—and I did not request that he offer the amendment and did not know until after he had decided to offer it that he intended to do so—any proposal to give the President the power to consolidate or abolish departments of government or legislative agencies or bureaus. The amendment is confined entirely to executive agencies, agencies in the executive department, agencies also executive in nature and character. It is confined to the same sort of agencies outside the department.

Mr. BORAH. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Idaho?

Mr. GEORGE. Certainly.

Mr. BORAH. Would this give the President the power to deal with executive agencies which have been created by Congress?

Mr. GEORGE. I think so where it is a purely executive agency.

Mr. BORAH. But if they were such agencies as were created by act of Congress?

Mr. GEORGE. Possibly so.

Mr. BORAH. I would be willing to give the President the power to abolish commissions, but the amendment provides that he would be empowered to abolish agencies which the Congress has created. It seems to me that is clearly a delegation of legislative power, to say nothing of the effort of Congress to meet responsibility in this matter.

Mr. GEORGE. Perhaps so, but not an unusual or improper delegation of legislative power. I am not going into that question in any detail. The clear purpose of the resolution, offered as an amendment by the Senator from Michigan [Mr. VANDENBERG], is to deal with executive agencies, and with executive agencies only. The Senator from Idaho very well says that the President already has large power in that regard. I am quite confident that the President has even larger power than the Senator from Idaho himself pointed out over purely executive agencies. I am not prepared to say that he might not deal effectively with the strictly executive agency.

But the point is that the resolution which was offered as an amendment is aimed directly at executive agencies. It is intended to give power to the President to merge them, to consolidate them, and, wherever he finds that it can be done without injury to the public service, to actually abolish them, conferring their functions, however, upon some other existing agency either in or outside of the department.

Mr. PITTMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Nevada?

Mr. GEORGE. Certainly.

Mr. PITTMAN. I happened not to be in the Chamber when the debate took place. I did not realize I was voting upon the merits of the question. I thought and understood that we were voting on a construction of the rules of the Senate.

Mr. GEORGE. The Senator is quite right about that.

Mr. PITTMAN. I would be totally unwilling to stultify myself and vote contrary to what I believe the rules are, even for the expediency of carrying my views.

Mr. GEORGE. The Senator is quite right, but in the beginning I called attention to the fact that the Chair ruled at one stage, when I rose to address the Senate, that the question was not debatable. Had the Senator been in the Chamber he would have known that on the question of relevancy, the merits of the proposal had been discussed, as I think, and I am therefore claiming the right to consider the merits of the amendment. The Senator is entirely right in the position which he takes.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Utah?

Mr. GEORGE. Certainly.

Mr. KING. I did not have the advantage of hearing the discussion on the merits, and I am not sure that I understand exactly the implication of the resolution offered in the form of an amendment. I ask the Senator, therefore, for information, in what category he places, for instance, the Bureau of Indian Affairs and the multitudinous bureaus in the Department of Agriculture as well as in other departments. Does the Senator mean that the President would have the power to combine, to consolidate, or to abolish executive bureaus, departments, or agencies set up by act of Congress, if his resolution should now be adopted or if the amendment of the Senator from Michigan had been adopted?

Mr. GEORGE. Obviously I can not now go into a discussion and do not intend to be drawn into a discussion of the character of the various boards and bureaus and commissions existing. I merely wish to emphasize the essential fact that the resolution, offered by way of an amendment to the pending bill, dealt entirely with executive boards, bureaus, and agencies. It did not attempt to deal with legislative bureaus, boards, agencies, and services. It expressly excluded departments of the Government, although they are executive, because I would not be willing to place upon the President power or burden in that regard.

Mr. GLASS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. GLASS. Is it competent for the Senator from Georgia or any other Senator now in this incidental discussion to discuss the question of germaneness which seems already to have been decided by the Senate, because I want to confess that I am not prepared to say, although I voted, whether the proposition is germane or not. That question was not discussed, and in casting my vote I acted upon the advice of Senators who I assumed knew more than I do, but I begin now to doubt it. I would like to inquire if the Senator may not incidentally discuss that question now.

The VICE PRESIDENT. The Chair is ready to answer the inquiry of the Senator from Virginia. Of course, the question of germaneness was settled by vote of the Senate, and the question now is upon the committee amendment to strike out the two sections of the bill, which, of course, is debatable.

Mr. GEORGE. Yes, Mr. President; I am not undertaking to discuss the question of germaneness, because I did not offer the amendment.

Mr. GLASS. Mr. President, if the Senator will permit me—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Virginia?

Mr. GEORGE. I yield.

Mr. GLASS. The reason I propounded that parliamentary inquiry is that somebody may convince me that it is germane, and I have a right to move to reconsider and may do so.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Georgia yield to me?

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Arkansas?

Mr. GEORGE. I yield.

Mr. ROBINSON of Arkansas. While the Senator from Virginia [Mr. GLASS] was engaged on business of the Senate outside the Chamber, the question of the germaneness of this amendment was discussed. I myself raised the question, stating in doing so that while with the general purposes of the amendment I was in sympathy, I thought it is clearly obnoxious to the rule of the Senate and that it constitutes legislation on a general appropriation bill.

Now, if the Senator from Georgia will indulge me just one moment further, that is the only issue the Senate has determined. In presenting to the Senate the law of the case as applied to the rule of the Senate and as applied to the question of order which I raised, I find that I did not make it as clear as it appears on the face of the record. I proceeded and other Senators proceeded on the theory that the House had incorporated a provision of general legislation in this appropriation bill and that therefore anything germane to the House provision was in order.

The Senate was asked by the Chair, under the rules of the Senate, to pass upon the question of germaneness; but, Mr. President, after an examination of the House provision stricken out, there is no conclusiveness in the contention that the House language stricken out constituted legislation. Many Senators here have served in the House of Representatives and they know that limitations on appropriations are not legislation; that is to say, there is a well-defined distinction between a provision in an appropriation bill which specifies that the moneys appropriated in a paragraph or in the bill itself shall not be used for other than certain purposes, defining the purposes, and a provision for legislation. Such a limitation is not legislation. It may indirectly sometimes effect a change in the application of the laws, but it usually is construed as a limitation of the appropriation, notwithstanding the House adopted a special rule to relieve the matter of doubt in the instant case.

Now, looking at the language of the bill stricken out for which the Senator from Michigan [Mr. VANDENBERG] has offered an amendment, the first provision begins—

That no part of any money appropriated by this act shall be used for—

And so forth.

Section 3 begins—

No appropriation under the Department of the Interior available during the fiscal years 1932 and/or 1933 shall be used after the date—

And so forth.

The last section, section 4, begins—

SEC. 4. No appropriation under the Department of the Interior available during the fiscal years 1932 and/or 1933 shall be used after the date of the approval of this act—

And so forth.

In every instance the language stricken out in the House provision seems a mere limitation on an appropriation; it was not legislation and, therefore no legislation—even germane legislation or what we might determine to be germane legislation—could be held in order.

It is so clear from my standpoint that I do not feel justified in continuing the argument.

Now, with the indulgence of the Senator from Georgia, just one moment more; I said in the beginning and I reaffirm now that this is a very important matter and that the Senate ought to observe its rules. It ought not to undertake to pass general legislation of this character on this appropriation bill, for the reason that we are not afforded the opportunity of studying the measure and giving that attention to it that its importance deserves.

The Senate was not called upon to vote upon the merits of the amendment; it was called upon to vote upon the question of law as to whether or not the amendment was in order; and the Senate by every precedent and rule of reason sustained the point of order and held that the amendment was

not in order. I thank the Senator from Georgia for his indulgence.

Mr. GEORGE. Mr. President, the Senator from Arkansas is not in disagreement with what I am saying.

Mr. ROBINSON of Arkansas. No; I did not mean to imply that I was.

Mr. GEORGE. I am not discussing the question of germaneness, I will say to the Senator from Virginia, but I am discussing—

Mr. GLASS. I merely wanted it discussed as the Senator from Arkansas has discussed it in order that I might have guidance for my vote should the question be again raised.

Mr. GEORGE. I appreciate the Senator's statement. I am not discussing the question of germaneness, because when I rose to address the Senate the Chair held that question was not subject to debate; but since it was suggested by the distinguished Senator from Idaho [Mr. BORAH] that the amendment itself is unconstitutional and the remarks addressed to the Senate, as I understood them, dealt clearly with the merits of the amendment and, having myself drawn a joint resolution now on the Senate Calendar the terms of which are embodied in the amendment, although I did not offer it to this measure, I did not want the merits of the matter to be discussed in the Senate without rising in defense of its merits, but not to discuss the question of germaneness. On that point I think the Senator from Arkansas is justified in his position and in his remarks.

It is a subject upon which Senators may differ, but certainly there is ground upon which it may be held that the amendment is not germane. Therefore, it is one of those questions which have two sides, like many other matters that are presented in the Senate. But I did not want, Mr. President, the occasion to pass without saying that, in my opinion, the amendment ought to be carefully analyzed; it ought not to be hastily rejected; it ought not to be dismissed, especially since many of us are professing that we wish to serve the ends of economy at this session of the Congress.

The very provision which the House adopted and for which this particular amendment was offered as a substitute undertakes to reduce salaries; that is to say it undertakes to prevent promotions under the civil-service rules and it undertakes to prevent increases in salaries; it looks to economy.

I believed when this session opened that we ought to undertake to reduce the cost of Government. I had no very great enthusiasm for any effort to reduce the salaries of employees of the Government, whose salaries must be said to be nothing more nor less than wages. I have no sympathy with that sort of proposal. The House has been dealing with the question in perfect good faith in an effort to reduce salaries. It has been endeavoring to reduce salaries, particularly the higher salaries. The House has sent over in this bill a provision which would reduce the cost of government during the next fiscal year. The committee of the Senate has stricken it out. The Senate and the Congress will not reduce salaries. The reduction in salaries will be negligible when we have reached the date of adjournment of this session of the Congress.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Utah?

Mr. GEORGE. I yield to the Senator.

Mr. SMOOT. I feel that I ought to say at this time that the committee struck this provision out, with the distinct understanding that the House and the Senate would get together and recommend legislation applying to all appropriation bills this year, and not have such an amendment on every appropriation bill.

Mr. GEORGE. I can see the wisdom of that, and I am not complaining about it.

Mr. SMOOT. I simply wanted the Senate to know that that is the program.

Mr. GEORGE. But the point I am making is that up to this good moment no salary has been reduced.

Mr. PITTMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Nevada?

Mr. GEORGE. I yield.

Mr. PITTMAN. If anything is germane here that will reduce the cost of government, would it be germane, or would it be new and general legislation, if I should offer an amendment providing for the abolishment of the Interstate Commerce Commission?

Mr. GEORGE. If the Senator is asking me that as an academic question, although I am disclaiming any intention to discuss the question of germaneness and stated that I could very well appreciate the position taken by the Senator from Arkansas, I will answer it in the negative; but the answer I give is purely an academic one. I am not discussing the question of germaneness; I am discussing the question of economy.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Utah?

Mr. GEORGE. I yield.

Mr. KING. Does not the Senator believe, in view of the interpretation placed upon the power of the Senate to limit appropriations, that, notwithstanding there is a general statute creating an office, in a general appropriation bill there may be a limitation to the effect that no part of the appropriation shall be used to pay the salary of the person holding that office, whether he be a member of the Interstate Commerce Commission or holding any other position?

Mr. GEORGE. Oh, yes; I think so; but I did not understand the Senator from Nevada to put that question to me. I understood him to ask whether a proposal to abolish the Interstate Commerce Commission would be germane.

Mr. PITTMAN. Mr. President, time and time again in this body, during the last 20 years to my knowledge, the Senate has interpreted a limitation such as that referred to by the Senator from Utah as not a limitation but as general legislation; that is, when a limitation is put in the form of abolishing an office which Congress has created it has been held as being not a limitation of an appropriation but in effect legislation.

Mr. GEORGE. I think the Senator is quite right; but I do not want to be led aside. I am discussing here the question of economy and the relation, as I conceive it, that the amendment which the Senator from Michigan offered to this bill bears to that question.

Mr. President, let me repeat we are now in March and no salary has been reduced. I do not say that no salary will be reduced, because I am not a prophet, but none has been reduced. The savings effected to the Government may be significant when looked at from one angle, but when we consider the entire expense of the Government and the cost which we are now authorizing we are not making much progress.

I had hoped that by placing the responsibility upon the President with respect to the executive agencies and bureaus, we might be able to accomplish certain very important economies. I would not have offered the joint resolution which I originally offered if I had not been emboldened to do so by the publicly announced position of the President that he desired to make certain transfers, mergers, and consolidations of agencies and bureaus of the Government.

I offered my resolution, be it remembered, Mr. President, on the 6th day of January; and it was not until the following 17th day of February, as I recall the date, that the President sent his message to Congress. My resolution, therefore, was no part of the administration's program. It was my own best judgment of how we might be able to effect certain economies in government.

I know it is desirable to reduce salaries; I will vote for the reduction of salaries until we reach that scale of salaries which fairly represent only wages, and I will not vote for the reduction of salaries falling within that scale. I will vote for the reduction of the salaries of Members of this body, not because we can accomplish great economies

thereby, not because the saving will be very great to the Government, but because there is a certain sense of economic justice and fairness involved in the reduction of governmental salaries at this time which this Congress ought to regard. At least, that is my view of it. I may be entirely wrong about the matter, but that is my position upon that question.

While I stand ready to vote for reductions in salaries, I can not believe that we will effect any great economies by that means. I stand ready to vote for reductions in many of these appropriations, but I can not believe that we are going to make much progress in that direction.

I have seen about as many of the items in the appropriation bills raised as I have seen reductions in those items, even during this session of the Congress. I would not give to the President power to consolidate or to abolish or otherwise to cripple the executive departments of the Government themselves; nor would I give to the President the power to abolish or to merge or to consolidate legislative agencies or commissions or bureaus, or any agency which performs not only certain executive functions but also clearly defined legislative functions.

In my judgment, the Congress ought not to place any burden upon the President with regard to such agencies; nor would I give to the President the right to abolish strictly executive agencies without requiring the President to report first to the Congress for action by the Congress before the order of the President should become effective.

It is true that the joint resolution which I introduced, as amended by the Finance Committee, does not quite express the exact idea which I wished to incorporate in the legislation. Nevertheless, the joint resolution is in the direction, and some of its provisions, as I had hoped, look toward real economies in government; and I thought I might confidently rely upon the good judgment and discretion of the Senate to make such needful amendments to the joint resolution as should be made when the joint resolution should be before the Senate for final consideration.

Mr. President, I greatly regret that the merits of the joint resolution were injected or seemed to be injected into the discussion of the question arising on the point of order. If there had been nothing which seemed to me to inject into that matter the merits of the joint resolution, I should not have spoken at all at this time. Inasmuch, however, as it seemed to me that some of the arguments submitted did go to the merits of the amendment rather than to a correct decision of the question arising upon the point of order, I thought I should express my view upon this important matter.

Mr. BORAH. Mr. President, before the Senator takes his seat I should like to ask him a question.

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Idaho?

Mr. GEORGE. I yield to the Senator.

Mr. BORAH. I am interested to know why the President must have additional power in order to do what the Senator desires that he shall do. Has not the President now sufficient power to do all these things under the Budget law and under the law creating the Bureau of Efficiency and the law creating the General Accounting Office?

Mr. GEORGE. I believe the Senator from Idaho was out of the Chamber during a portion of my remarks. I have stated that in my opinion the President has even much broader powers than the Senator from Idaho indicated when he first addressed the Senate. I am not disposed to go into that subject now; but, in my opinion, the President has very broad power now to deal with all of the subject matter which I sought to bring within his power and jurisdiction under the joint resolution. I agree with the Senator upon that point.

Mr. BORAH. That seems to me to be correct. I agree with the Senator from Georgia.

Mr. FLETCHER. Mr. President, the same thought occurred to me. If that is the case, why the need of this legislation?

Mr. GEORGE. That may be true, Mr. President. It may be fairly debatable whether there is any absolute need for the legislation.

Mr. FLETCHER. The President has appointed various commissions and various boards; and he has done that without any legislative authority, so far as I know, exercising purely Executive power. Certainly he can control those commissions and those boards and those agencies which he himself has named.

Mr. GEORGE. That is quite true so far as reports are concerned; but if the Senator from Florida will permit me, the joint resolution which I have offered gives to the President the power to merge, to consolidate, and to transfer the service from one agency to another, but it does not give him the power to abolish the agency and destroy the service without first reporting to Congress.

Mr. BINGHAM. Mr. President, does the Senator think that the President to-day has the power to take away the executive powers of the Shipping Board, for instance, and transfer them to the Department of Commerce?

Mr. GEORGE. I should not say that he has. Therefore I included in the joint resolution what I believed, at least, to be a very doubtful power of the President in any instance, and one that I did not believe existed in a large number of cases; and that is the power to transfer the service, and to consolidate the various agencies.

Mr. BINGHAM. Under the Senator's joint resolution, then, would the President not have the power to transfer the Shipping Board to the Department of Commerce, for instance?

Mr. GEORGE. The executive functions of it, beyond any doubt.

Mr. BINGHAM. The executive functions?

Mr. GEORGE. Yes; I think so—the executive functions.

Mr. HARRISON. Mr. President, as I was one of the Committee on Finance who voted to report the joint resolution out favorably, I merely wish to suggest that if the power that the President now has the right to exercise, but which he does not exercise, is broadened in any way so that he may effect some economies, I thought it very appropriate to pass this legislation. However, the Senator who offered as an amendment to the pending bill this joint resolution that was introduced by the Senator from Georgia is, as I understand, the chairman of the program committee on the other side, charged with the duty and having the full power of making this joint resolution in order at any particular time that he desires. If the sentiment for this matter is as strong as he seems to think it is—and I believe the sentiment for it is strong—why does not the Senator put on the program that this matter shall come up and be discussed on its own merits, free from being charged with helping to filibuster to death an appropriation bill?

So I suggest to the distinguished Senator who offered this joint resolution as an amendment that he put it on his program, so that it can come up following the tariff bill that is to be considered next.

Mr. TRAMMELL. Mr. President, in this connection I desire to have the RECORD indicate that the committee reported this joint resolution of the Senator from Georgia back to the Senate favorably on February 1, 1932. In other words, it has been back on the calendar for some five or six weeks; and it does seem that the zeal which prompted its offer out of order here to-day should have prompted some action during the past five or six weeks.

Mr. LEWIS. Mr. President, ordinarily, sir, a question brought before the Senate of parliamentary procedure does not give privilege to general discussion of any great question or general principle which might at the time be deemed of importance to general government.

It seems to me the history of the Senate debates shows that the great questions that have been discussed here have invariably arisen as a mere incident to the matter before the house. This was the history of the debate between Hayne and Webster touching the strength of the Government and its unity. This historic and forensic exhibition flushed out

on a mere resolution touching the disposition of public lands out in one of the Western States.

I wish to observe at this point that I have heard at this hour Senators particularly allude to the question of economy, the consolidation of bureaus, and the abolishment of office. Sirs, we have heard a great deal of all of this. Hardly a day passes that we do not have the echo of it; and rarely is it that the public press does not carry an interview, either with the President or with those speaking in his behalf, seeking to "make assurance double sure" to the multitude and the public of the President's great desire for general economy and abolishment of unessential office. But I invite attention, for the moment that I shall occupy the floor at this time, to the fact that there has never been an exhibition of such arrant hypocrisy and deliberate imposition put upon a public by political misrepresentation as has been perpetrated upon the American citizenship by these constant pretenses of national economy on the part of the executive branches as to abolishment of office or the profession on the part of those in power and their general announcement of the reduction of taxes through the reduction of office.

These eminent gentlemen, as party leaders who hold themselves up for the great credit and applause of the multitude in their promise and assurance, always veto the particular decree proposing death to any one bureau wherever such action removes from office those who are desired to be kept in office between now and the national election. I invite this country to observe that in every instance of these professions of economy and these abolishments of office one can not see where any one particular office is suggested as the one to be abolished, or any one list of salaries to be wholly suspended. To the contrary, every effort that is attempted on the part of this honorable body—particularly on the part of those on this side of the Chamber who are spoken of as Democrats—is invariably held up before the public as lacking the virtue of sincerity, or when attempted in accomplishment as in no wise entitled to praise, because it is the Democracy.

Within the last few days the leader of the Appropriations Committee in a House of Congress located in the United States of America was compelled to allude to the fact that the Executive—commonly described as the President of the United States in the parlance of parliamentary verbiage—had done everything to circumvent the carrying out of the consolidation of departments after it had been recommended by him and held up before the public as a presidential virtue; but, says Chairman BYRNS, when there was the attempted execution of such consolidation on the part of the branch of the body that could have carried it out to consummation, promptly there was the interdicting of such effort by the eminent officials at the head of the party in power, who had been announced before the world as the great authors of the design of that improvement and the proposers of the modification.

The public press gave us the announcement that the President had taken very seriously the suggestion by Chairman BYRNS; and the President is represented by the public press as asserting, through one of his agencies that are invariably designated to speak for the President—one of those official envoys who announce the official declaration of the Executive, which, if taken well, is the heralded wisdom of the President; if caught badly on the public ear, it is at once an unfortunate error of assumption on the part of a clerk [laughter]—we have seen this exhibition within the last day or two where the President asserts that the chairman of the committee is quite in error in his announcement. That he has been whole-souled in his desire for this cooperation. Allied and aligned with this, however, comes the confession from the President that he has for three years been making an effort in this direction, but the President has seen no result and enjoyed no success. Yet wherever an attempt is made by the House organization or on the part of this body to carry out the announced wishes and to execute what is professed to be the design of the Executive, promptly some eminent leader of that portion of our honorable opponents that may be called the regulars—regular in the spirit of that regularity

that holds up before the country that this thing called the Democracy is but making a pretense in its effort and is only exerting itself to obtain credit for doing that which is right, yet it is to always be accepted that whatever this Democracy attempts is always wrong; that when it offers its assistance to the President, however bountiful it might be in its power, such service should be rejected, because it is tainted with the word "Democracy." Therefore it should be repelled; and whatever else it may do in its achievement or its results, instead of being graciously received as a contribution by the Democratic Party to the aid of the President in his effort as an executive to give economy to the Government, lessen the salaries, shorten expenses, cut down the burden, promptly the country is given to understand that they scoff the aid on the part of Democracy because it is the Democracy, and promptly claim some credit in some other quarter that it might inure to the President's political advantage.

Mr. President, the time has come to halt these pretenses and this hypocrisy. There is no intent on the part of the President of the United States to really cut away any bureau of Government in the United States of America which now holds office under his appointment or cut off the employees of which draw salaries with the authority of the administration.

No limitation is going to be allowed by the party leaders upon the great official source that shortly is to be needed, with its multiplying energies, for ballot-box uses. There is to be no effort made to the final consummation of cutting down the expenses of Government, either of salary list or of offices, if it is to disturb in any wise whatever the great number of the army who are to be occupied in such political support when the convention assembled shall be called upon; and since we have seen, as the Senator from Georgia has alluded to it, many of these suggestions of reductions but no final act indicating an intention to execute them, now is the time when we should cease deceiving the American public and quit these pretenses, for the truth is that there will not be this cutting down, there will not be these reductions, there will be no effort to carry them out, lest to do so is to lessen the political strength that is supposed to be necessary for the coming national campaign.

The attitude of the honorable Executive and that of the public upon this question is always one of those presentations of a picture of which we get the best illustration and example in the colloquy between Mr. Hamlet and Mr. Polonius, when, viewing the distant sky just ahead, a great swinging cloud is seen, when the observation is made by Hamlet—

Do you see yonder cloud that's almost in shape of a camel?

POLONIUS. By the mass, and it is like a camel, indeed.

HAMLET. Methinks it is like a weasel.

POLONIUS. It is backed like a weasel.

HAMLET. Or like a whale.

POLONIUS. Very like a whale.

[Laughter.]

So, sirs, the representation is as the audience would be most served by: To those who want nothing done the picture is only a weasel; however, to those who look for rescue from the desert it is surely a camel. [Laughter.]

Mr. BINGHAM. Mr. President, the very charming and delightful remarks just made by the Senator from Illinois prompt me to wonder whether or not the President of the United States should not give out an interview at this time thanking the Democratic Members of the Senate for enabling him to do that which the Senator from Illinois has indicated he so earnestly desires to do.

The Senator from Illinois assures us that the President has no intention whatever of cutting down bureaus or consolidating bureaus, or reducing the number of public offices, because, forsooth, it is by those very place holders that he hopes to be reelected.

The Senator from Illinois assures us that the President has no intention of doing what the resolution originally offered by the Senator from Georgia would encourage him to do and would remove all doubt about his ability to do.

When this question came up before the Senate a few moments ago the majority of the Members of the Democratic

Party on the other side of the aisle, taking advantage of a technicality as to whether or not this proposal might, forsooth, be relevant, voted that it was not relevant.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BINGHAM. Just a moment.

Mr. ROBINSON of Arkansas. The Senator declines to yield.

Mr. BINGHAM. Therefore it seems to me that the President of the United States ought to thank them for taking advantage of that technicality to relieve him of any embarrassment under which he might have been placed had this proposal of the Senator from Georgia and the Senator from Michigan been regarded as relevant, and therefore been discussed, and been placed in an appropriation bill, a matter which, in the view of the Senator from Illinois, would clearly have caused the President grave embarrassment.

I now yield to my friend the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator has passed in his remarks the point about which I wished to interrupt him.

Does the Senator believe that the amendment proposed by the Senator from Michigan was in order under the rules of the Senate?

Mr. BINGHAM. Whether or not it was in order, Mr. President—

Mr. ROBINSON of Arkansas. Mr. President—

Mr. BINGHAM. The Senator has asked me a question, and I will endeavor to answer him as briefly as possible.

Mr. ROBINSON of Arkansas. The Senator can have the rest of the evening to answer it. Plainly, he thinks it was not in order, or he would say that he thinks it was in order.

Mr. BINGHAM. Of course, if he so chooses, the Senator can answer his own question and put words in my mouth.

Mr. ROBINSON of Arkansas. I believe I could answer it better than the Senator from Connecticut could answer it. [Laughter.]

Mr. BINGHAM. I am sure of that, also; I am quite willing to agree to that.

The question propounded to us by the Chair was whether or not it was relevant.

Mr. ROBINSON of Arkansas. No; that was not the question. The question was whether or not the amendment was germane to the language of the House stricken out by the committee amendment.

Mr. BINGHAM. Mr. President, I am sorry the Senator does not seem to think that germaneness and relevancy are in the same boat. As a matter of fact, the rules of the Senate do not use the word "germane," and therefore the Senator from Arkansas is putting into the mouth of the Chair something he could not properly have said. The rules say that no amendment shall be adopted which is not relevant, and we were asked to indicate whether or not we thought the amendment was relevant, and the Senate, by a very close vote, which would have been tie—

Mr. ROBINSON of Arkansas. Mr. President, I do not regard this subject matter in controversy as of the slightest importance, but the question submitted to the Senate was as to the germaneness of the amendment, and if the Senator from Connecticut thinks it important, I will submit the matter to the Chair.

Mr. BINGHAM. Mr. President, I am quite willing that my friend the Senator from Arkansas should use the word "germane" if he wants to. If that is colloquially not the same thing as "relevant" in Arkansas, it is all the same to me. The question was whether under the rules of the Senate that amendment could be brought before the Senate, whether it was germane to the bill, or whether it was not. That was the question before us, and the Senate voted, by a tie vote, on its relevancy. My friend the Senator from Mississippi, who originally, in accordance with his predilections, in accordance with his very charming and delightful and brilliant speech or speeches the other day, regarding the necessity for economy, had voted that it was relevant, suddenly finding himself in the minority on the other side

of the aisle, changed his vote so as to make the Senate go on record as saying that it was not relevant.

I submit, Mr. President, that the House of Representatives, in putting these two limitations on this bill, were endeavoring to secure some economies in government by very drastic means, and the Senator from Michigan, by putting in as a substitute the resolution offered by the Senator from Georgia, and reported to the Senate favorably by the Committee on Finance, was endeavoring to do the same thing, to make it possible to have the conferees consider some proper means of reducing the number of unnecessary employees, the number of unnecessary bureaucrats, and the number of unnecessary commissioners who are now employed under the Government, thanks to this and previous Congresses.

Mr. President, as I stated in the beginning, it seemed to me that the President ought to send a note of thanks to those Members of the Democratic Party who, by their votes, took away from him any necessity of acting under this legislation, and took advantage of a technicality to prevent the President being embarrassed by being given instructions by the Congress to proceed with reorganization, with the doing away with unnecessary bureaus, with the lessening of unnecessary commissions.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Mississippi?

Mr. BINGHAM. I yield.

Mr. HARRISON. Does the Senator think that because the Senate held this amendment not germane on the appropriation bill that kills the proposal for this session of Congress?

Mr. BINGHAM. I hope not. I hope we may have an opportunity to take it up. I hope the Senator from Georgia will move in the near future that his resolution be taken up. It will give me great pleasure to vote for it, and at that time I hope the Senator from Mississippi may not change his vote, after voting for it.

Mr. HARRISON. I intend to vote to take it up at another time. As a matter of fact, I would like very much to see the proposal pass. It may be changed in some respects, but I am in favor of legislation which may effect some economies.

Mr. BORAH. Mr. President, I want to say just a word. In my opinion, the President has all the power now which would have been given him by the resolution. I am satisfied that he has any power needed to enable him to initiate anything he sees fit to recommend with reference to abolishing bureaus which might be given him by this resolution.

The President has the power to do what gentlemen seem to desire to have him do, and we as a Congress have the power to reduce appropriations. Neither the Executive nor the Congress seems willing to exercise the power now possessed.

As to what will be done, I am rather inclined to agree with the Senator from Illinois [Mr. LEWIS].

Mr. TRAMMELL. Mr. President, I just wish to add, to what was said by the Senator from Idaho, that if the President is not already clothed with the power to consummate his own action with regard to this matter, the avenue is still open to him to communicate to Congress a recommendation for the abolition or discontinuance of any bureau or any agency, or to discontinue any expenditure.

I do not think the effort on the part of the Senator from Connecticut to establish an alibi on account of the action of the Senate on this parliamentary question will be very effective; that he will be able to establish his alibi to excuse the executive department of the Government.

The question is whether the executive department has communicated to Congress and directed any particular avenue or source from which we may institute a given economy, the discontinuance of any bureau, or the discontinuance of any agency.

The President has that power, if he is not clothed with the general power mentioned by the Senator from Idaho. I

think he is clothed with that power already, as stated by the Senator from Idaho.

Mr. SMOOT. Mr. President, the next amendment is found on pages 111, 112, and 113.

The PRESIDING OFFICER (Mr. Fess in the chair). The amendment will be stated.

The CHIEF CLERK. On page 111, line 2, the committee proposes to strike out the following:

Provided, That no part of any money appropriated by this act shall be used for purchasing any motor-propelled passenger-carrying vehicle (except busses, station wagons, and ambulances) at a cost, delivered and completely equipped for operation, in excess of \$750, including the value of a vehicle exchanged where exchange is involved; nor shall any money appropriated herein be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle not used exclusively for official purposes, and "official purposes" shall not include the transportation of officers and employees between their domiciles and places of employment except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only when the same is approved by the head of the department. This section shall not apply to any motor vehicle for official use of the Secretary of the Interior.

Sec. 3. No appropriation under the Department of the Interior available during the fiscal years 1932 and/or 1933 shall be used after the date of the approval of this act (1) to increase the compensation of any position within the grade to which such position has been allocated under the classification act of 1923, as amended, (2) to increase the compensation of any position in the field service the pay of which is adjustable to correspond, so far as may be practicable, to the rates established by such act as amended for the departmental service in the District of Columbia, (3) to increase the compensation of any position under such act through reallocation, (4) to increase the compensation of any person in any grade under such act through advancement to another position in the same grade or to a position in a higher grade at a rate in excess of the minimum rate of such higher grade unless such minimum rate would require an actual reduction in compensation, or (5) to increase the compensation of any other position of the Federal Government under such department. The appropriations or portions of appropriations unexpended by the operation of this section shall not be used for any other purposes, but shall be impounded and returned to the Treasury, and a report of the amounts so impounded for the period between the date of the approval of this act and October 31, 1932, shall be submitted to Congress on the first day of the next regular session.

Sec. 4. No appropriation under the Department of the Interior available during the fiscal years 1932 and/or 1933 shall be used after the date of the approval of this act to pay the compensation of an incumbent appointed to any position under the Federal Government which is vacant on the date of the approval of this act or to any such position which may become vacant after such date: *Provided*, That this inhibition shall not apply to absolutely essential positions the filling of which may be approved in writing by the President of the United States. The appropriations or portions of appropriations unexpended by the operation of this section shall not be used for any other purposes but shall be impounded and returned to the Treasury, and a report of all such vacancies, the number thereof filled, and the amounts unexpended, for the period between the date of the approval of this act and October 31, 1932, shall be submitted to Congress on the first day of the next regular session.

Mr. SMOOT. Mr. President, the reason for striking this provision from the bill is that the House and the Senate desire now to incorporate in one bill a provision which will apply to all appropriation bills. Therefore, we ask that this language be stricken out, and if that is done, there will be provision in one bill covering all appropriation bills.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, are there any other committee amendments?

Mr. SMOOT. Yes; we passed over an amendment on page 78, line 25.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 78, line 25, under the item "For gaging streams," the committee proposes to strike out "\$400,000" and insert in lieu thereof "\$518,000," so as to read:

Provided further, That \$518,000 of this amount shall be available only for such cooperation with States or municipalities.

Mr. SMOOT. That was passed over, and it was discussed when it was up before.

Mr. KING. It is an increase of nearly \$100,000.

Mr. SMOOT. Over the House provision, affecting everything falling within that class of work.

Mr. KING. It is "For gaging streams and determining the water supply of the United States, the investigation of underground currents and artesian wells, and the preparation of reports upon the best methods of utilizing the water resources, \$652,000." There is an increase of over \$100,000.

Mr. SMOOT. The States pay a part of this. It is cooperation work within the States. For the fiscal year 1933 the Federal Government pays \$489,123 and the States pay \$500,307. This is just carrying out the estimates made for the service. We had many witnesses from different States, so many that the Appropriations Committee of the Senate felt that the States were a great deal more interested even than the Federal Government itself, and, therefore, we gave just what the States asked for and pleaded for.

Mr. KING. May I ask my colleague if the Committee on Appropriations of the House did not make a very careful examination of the entire subject, and if so, and it seemed there are reasons justifying such large increase of more than \$100,000, why did not the House act upon it?

Mr. SMOOT. Of course I can not express an opinion as to what was in the minds of the Members of the House, but I will say that if Senators will look through the bill carefully they will notice that the appropriations which affect the West have been reduced more than the appropriations affecting any other part of the country. This is one of the items in which every Western State is interested.

Mr. KING. I am not so sure about that. I was wondering what justification there was for an increase of \$100,000, assuming that the House committee was just as diligent in trying to get the facts and did its duty as the Senate committee did—and, of course, we have to accord that honor to them of being very diligent. Why did not they recommend the increased appropriation?

Mr. McKELLAR. Mr. President, the Senator stated a moment ago that appropriations for the western part of the country had not been increased as have appropriations for the other parts of the country. I call his attention to two projects in Oregon alone, for one of which there was an increase of \$100,000 and another one an increase of \$500,000. I do not think there are any such increases in any other part of the country.

Mr. SMOOT. It makes no difference where the money goes, the work is called for, and I know that States in every part of the country are interested.

Mr. BARKLEY. Mr. President, I observe on page 77 that the House appropriated \$366,000 for topographic maps, and the Senate committee proposed an increase to \$466,000, notwithstanding the fact that there was \$150,000 left over from the present fiscal year. If there was an unexpended balance of \$150,000 left over from this year, why did the committee find it necessary to increase the House appropriation by another \$150,000?

Mr. SMOOT. They had last year \$780,000. This year they have \$616,000, so the \$150,000 added to the \$616,000 is not quite what we appropriated for them last year. The question is whether the work was done. They are prepared to go on with the work and to use the \$150,000 of unexpended balance for last year together with the appropriations we may make in this bill.

Mr. BARKLEY. It occurs to me if we are to make any serious effort to reduce appropriations, we ought certainly to do it in those departments where they are carrying over unexpended balances from the present year. If out of \$616,000 they have been able to save \$150,000, I can not understand why it is necessary to increase the appropriation carried in the House bill or even to carry as much as the total in last year's appropriation bill, of which \$150,000 is carried over as an unexpended balance.

Mr. SMOOT. Last year's appropriation was \$780,000. The appropriation has been cut down this year.

Mr. BARKLEY. But \$366,000 carried in the House bill was a reduction of how much below the present appropriation?

Mr. SMOOT. The whole appropriation for last year was \$780,000, while this year it is but \$616,000—a reduction of \$64,000.

Mr. BARKLEY. I do not find the \$616,000 to which the Senator refers under the head of topographic surveys.

Mr. SMOOT. If the Senator will take the \$466,000 appropriated in the bill and add the \$150,000 of unexpended balance, that will make the \$616,000 that I speak of now.

Mr. BARKLEY. But they did not spend that much.

Mr. SMOOT. Last year we gave them an appropriation of \$780,000. Of that amount they had an unexpended balance of \$150,000.

Mr. BARKLEY. I understand; but if they did not spend that much, why do we need to give them so much this year?

Mr. SMOOT. Because of the fact that they have made the assignment of this amount of money to each State. I can begin with Alabama and go down the list and tell the Senator just the amount that has been assigned to each State.

Mr. BARKLEY. They certainly have not assigned money that is unappropriated.

Mr. SMOOT. They ask for the money to be appropriated and state the amount which will be assigned to each State if we appropriate it.

Mr. BARKLEY. They could reassign it if we should reduce the amount.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment passed over will be stated.

The CHIEF CLERK. The next amendment passed over is under "Geological Survey, on page 79, line 13, where the committee proposes to strike out "\$120,000" and insert "\$140,000," so as to read:

For printing and binding, \$140,000.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, it seems to me this increase ought not to go through without some objection. I do not know that there is any objection that can be made to it, but I would like to inquire of the Senator from Utah whether it is necessary to increase the amount for printing and binding. Does the \$120,000 carried represent a reduction below this year's appropriation? If it does represent a reduction, has not the cost of printing and binding been reduced so it would be sufficient?

Mr. SMOOT. The geological reports and water-supply papers are essentially sale publications. They are virtually all sold by the Government. Although in constant current demand, they do not have merely temporary value. Many of the earlier reports are out of print, though a demand for them still continues, and the Superintendent of Documents sells annually hundreds of reports published 20 and more years ago.

The small, highly skilled staff of illustrators would have to be reduced if the "illustrations" item is decreased \$3,500, thereby affecting the efficiency of the organization entirely out of proportion to the minor economy involved.

The engraving and printing section is a modern plant where topographic and geologic maps are engraved and printed. These maps are not sent out free in quantities to lists of those assumed to be interested, but six out of seven are sold. It is impossible, even with the present appropriation or that requested in the Budget for 1933, to keep pace with the need for reprinting maps exhausted by sale, to say nothing of catching up in arrears of new maps awaiting engraving. About a dozen of the copperplate engravers, lithographic artists, and transferrers, all specially trained employees, would be thrown out of work by the proposed drastic reduction of \$40,000.

Mr. BARKLEY. Does the sale of those maps compensate the Government for the expenditure of the Government in having them issued?

Mr. SMOOT. They are sold all over the United States.

Mr. BARKLEY. But they are not all sold. Many of them are given away. We get them in our offices, though, of course, we get them officially.

Mr. SMOOT. The law provides for that.

Mr. BARKLEY. I understand that; but does the \$23,000 represented in the increase bring back the same amount of income to the Government that it expends, or is it a dead loss?

Mr. SMOOT. It is not a dead loss. I do not think they will make any kind of topographic maps if they are not called for. The department says they can not furnish some of the maps because of the fact that they have not had them printed. This is not like a direct appropriation from which we do not get any return. These maps are sold and the money comes back into the Treasury of the United States.

The PRESIDING OFFICER (Mr. JONES in the chair). The next amendment passed over will be stated.

The CHIEF CLERK. The next amendment passed over is on page 79, line 14, where the committee proposes to strike out "\$20,000" and insert "\$23,240," so as to read:

For preparation of illustrations, \$23,240.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The CHIEF CLERK. The next amendment passed over is on page 79, line 15, where the committee proposes to strike out "\$11,000; in all, \$250,000" and insert "\$153,000; in all, \$298,240," so as to read:

And for engraving and printing geologic and topographic maps, \$153,000; in all, \$298,240.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The CHIEF CLERK. The next amendment passed over is on page 82, line 13, where the committee proposes to strike out "\$2,279,500" and insert "\$2,520,740," so as to read:

Total, United States Geological Survey, \$2,520,740.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. SMOOT. Under the unanimous-consent agreement previously entered into the clerks are authorized to correct the totals.

Mr. BARKLEY. Mr. President, I desire to ask the Senator from Utah with reference to the amendment on page 82 relating to the total. I see we have an increase of nearly \$250,000 in the appropriation for the United States Geological Survey. I inquire of the Senator from Utah if these increases are the results of requests or urgings of executive officers in the bureau covered by this appropriation?

Mr. SMOOT. These are all estimated for by the Budget.

Mr. BARKLEY. And upon them the House reduced the Budget estimate?

Mr. SMOOT. Yes.

Mr. BARKLEY. The executive officers in the bureaus under the Department of the Interior, who operate under the jurisdiction of the Secretary of the Interior, a member of the President's Cabinet, have appeared before the committee and insisted that these amounts be restored notwithstanding the effort of the House to reduce them, and as a result the amounts have been restored?

Mr. SMOOT. These are the estimates that were made.

Mr. McKELLAR. Mr. President, may I explain to the Senator from Kentucky that the amount of the bill as it passed the House was \$50,446,432.33. The amount carried by the bill as reported by the Senate Committee on Appropriations is \$54,870,754.35, or an increase of about \$4,500,000, in addition to which there have been several small increases which have been made by reason of amendments offered on the floor of the Senate.

Mr. BARKLEY. I would like to inquire if this increase of approximately \$4,500,000 in the appropriation bill, as compared to the amount carried as the bill passed the House, has been made at the request and upon the insistence of officers in the Interior Department who are a part of the executive branch of the Government, or whether they were

made on the initiation of the Appropriations Committee of the Senate?

Mr. McKELLAR. They were made very largely on the insistence of officers of the several bureaus in the Department of the Interior. Occasionally an individual amendment was offered by a Senator providing for a slight increase, but for the most part the increase in the total is by reason of members of the executive department being invited before the committee and testifying in the hearings, and after such hearings the amounts were increased.

Mr. BARKLEY. Were they invited?

Mr. McKELLAR. I think they would not come unless they were invited, but those who want to come are always invited, as a matter of course.

Mr. BARKLEY. I am making no point, of course, of that. The point I am undertaking to make is that it seems to me it has a good deal of bearing upon who is responsible for increased appropriations.

Mr. McKELLAR. I would say that of the \$4,500,000 increase at least \$4,000,000 were added at the earnest insistence of the officials of this department.

Mr. BARKLEY. And the same thing is true of all the appropriation bills we have thus far enacted, and in all probability it will be true of all we shall enact at this session of Congress.

Mr. McKELLAR. To the best of my judgment that is true.

Mr. SMOOT. Mr. President, I will turn to page 98. The appropriation in line 5 is increased \$1,000,000 in that one item alone.

Mr. McKELLAR. I have the hearings before me, if the Senator will yield, but my recollection is that officials of that bureau came forward and testified that that amount was proper and the committee allowed it.

Mr. WALSH of Montana. I have an amendment to be offered in that connection which I hope I may now be able to present.

Mr. SMOOT. The Senator may offer the amendment at this time, and I think he will ask for more than the \$6,000,000.

Mr. WALSH of Montana. Yes.

Mr. SMOOT. Let me say to the Senator from Kentucky [Mr. BARKLEY] that the item in line 5, on page 98, has been increased \$1,000,000, and the Senator from Montana is going to offer an amendment now to further increase that appropriation. I will say to the Senator that the additional amount the Senator from Montana is about to request over and above the \$6,000,000 may be very properly and effectively appropriated and expended, and not only that but I think the Senator from Montana himself will say that it is greatly needed.

Mr. BARKLEY. Is it not a fact that the amount that is going to be requested by the Senator from Montana has been either recommended or asked for by the department itself?

Mr. SMOOT. It may have been.

Mr. McKELLAR. It has been.

Mr. SMOOT. The House appropriated \$5,000,000 for this purpose and the Senate committee recommended \$6,000,000, and more than likely the Senate will vote for it.

Mr. McKELLAR. And the President recommended an appropriation of \$7,500,000 for the same purpose.

Mr. BARKLEY. And yet the President gives out public statements criticizing Congress for not reducing appropriations.

Mr. SMOOT. The Senator from Tennessee is wrong when he says the President recommended this appropriation. The Budget Bureau asked for \$6,000,000, and that is what the committee allowed; and the President sent down the estimate for \$6,000,000.

Mr. McKELLAR subsequently said: Mr. President, inadvertently I made a mistake a while ago in saying that the President had recommended \$7,500,000 for this purpose. I find that I am mistaken, and that the President recommended \$6,000,000.

Mr. WALSH of Montana. Mr. President, I offer an amendment to the amendment reported by the committee.

The PRESIDING OFFICER. The amendment proposed by the Senator from Montana will be stated.

The CHIEF CLERK. The committee proposes, on page 98, line 5, to strike out "\$5,000,000" and to insert "\$6,000,000"; and the Senator from Montana proposes to amend the committee amendment by striking out "\$6,000,000" and inserting in lieu thereof "\$7,500,000."

Mr. SMOOT. I am perfectly willing that that amendment to the amendment should go to conference without any further discussion; and I want to say to the Senator, knowing the idea he has in mind, that the money can be properly expended.

Mr. WALSH of Montana. I thank the Senator.

Mr. KING. I should like to have an explanation by the Senator from Montana of his amendment to the committee amendment.

Mr. WALSH of Montana. I shall be very glad to give it. I must, however, in whatever I say about this matter acknowledge the courtesy and the consideration which the friends and supporters of the amendment to the amendment received from the Committee on Appropriations in connection with it and to express our thanks for what they did in what they felt was the discharge of their duty.

However, Mr. President, I want to say that there would be a very serious loss to the Government of the United States if this appropriation were not made. It is authorized by an act approved January 31, 1931, which contains the following:

SEC. 5. The Secretary of the Interior is hereby authorized during the fiscal years 1932 and 1933 to construct, reconstruct, and improve such national park approach roads so designated, inclusive of necessary bridges, and to enter into agreements for the maintenance thereof by State or county authorities, or to maintain them when otherwise necessary, as well as hereafter to construct, reconstruct, and improve roads and trails within the national parks and national monuments; and for all such purposes there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the following sums: \$7,500,000 for the fiscal year ending June 30, 1932, the sum of \$7,500,000 for the fiscal year ending June 30, 1933.

The appropriation which is recommended by the committee and carried in the bill will no more than take care of the roads within the parks. It will scarcely do that. Four of these approach roads which are now in process of construction will be arrested, and the authorization will absolutely fail unless the additional appropriation shall be provided at this time. In other words, work has been started on these roads; the contractors are there and at work on them; they have their crews and equipment there, and if they should be compelled to stop construction and leave when operations were again resumed much of the work would be destroyed and lost and the equipment would have to be gathered together again. There will be a tremendous loss to the Government unless we complete the work which has actually been undertaken.

Mr. KING. I ask the Senator what appropriations are carried for roads within the parks?

Mr. WALSH of Montana. The whole amount for roads within the parks and for the approach roads is thrown into one item, and the entire appropriation is \$6,000,000.

Mr. SMOOT. Together with the trails within the park?

Mr. WALSH of Montana. It is for the trails and everything else.

Mr. KING. I want to say to the Senator that I visited one or two of the parks last year, one of them being the Yellowstone Park, and I am compelled to say that I thought there was a great deal of extravagance in the construction of roads in the Yellowstone Park.

Mr. WALSH of Montana. Allow me to remark to the Senator that we now have 26 national parks that are to be taken care of by this \$6,000,000 appropriation.

Mr. SMOOT. The amendment proposed by the Senator from Montana [Mr. WALSH] to the committee amendment is to increase the \$6,000,000 to \$7,500,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Montana to the committee amendment.

The amendment to the committee amendment was agreed to.

The amendment as amended was agreed to.

Mr. WALSH of Montana subsequently said: Mr. President, in connection with the remarks which I just made, I ask that there may be incorporated in the RECORD a document explanatory of the item.

The PRESIDING OFFICER. Without objection, that will be done.

The matter referred to is as follows:

[From p. 134, Senate hearings]

WASHINGTON, D. C., February 10, 1932.

HON. T. J. WALSH,
Washington, D. C.

DEAR SENATOR: In accordance with our conversation relative to the park-road appropriation for the year 1933 as reported in H. R. 8397, the Interior appropriation for 1933. Last year's original park appropriation in the Interior appropriation bill was \$5,000,000.

The Public Law 592 of the Seventy-first Congress increased the authorization for appropriations by \$2,500,000 for a period of only two years, \$1,000,000 of which was to be for increase for park roads in the national park. One and a half million dollars for approach roads to the park.

The last deficiency bill of the Seventy-first Congress appropriated \$2,500,000 to carry out this authorization. In accordance with this authorization and appropriation Secretary Wilbur designated the number of approach roads and allotted to them the amount of \$1,500,000 as described in a memorandum from Mr. Demaray attached hereto. All of this \$1,500,000 has been obligated by contract and most of it spent. None of these projects are completed, and failure to appropriate \$2,500,000 again under this authorization would mean the suspension of the work already done and could never be completed unless another authorization was procured. H. R. 8397, the pending Interior Department appropriation measure, carries \$5,000,000 (see first paragraph), the old sum, but does not add the \$2,500,000 addition needed in the work mentioned in the preceding paragraph; instead it appropriates the old amount and proposes to take from it this approach-road sum given as \$1,200,000, but should be \$1,500,000 to properly cover the needs finishing the projects already under construction. It will be impossible to use the \$1,200,000 out of the regular \$5,000,000 park-road appropriation. The desire is to secure the added authorization instead of taking it from the old appropriation authorization which is needed for other purposes. There are attached pages 93 and 94 of the Interior bill as reported from the House committee. On page 94, line 6, the first sum should be changed to \$7,500,000, and in line 23, sum should be changed to \$1,500,000 in order to meet the means outlined above. In the attached memo by Mr. Demaray showing the amount already allocated under the approach-roads authorization and further amounts scheduled for use under the expected new appropriation.

Very truly yours,

O. H. P. SHELLEY.

DEPARTMENT OF THE INTERIOR,
NATIONAL PARK SERVICE,
Washington, February 1, 1932.

Memorandum.

In connection with national-park approach roads, the following projects are being worked on during the present fiscal year. The amounts shown are those allocated from the 1932 appropriation:

	Allotment
Red Lodge-Cooke City approach to Yellowstone (Mont.)	\$977,700
Moran-south boundary, Yellowstone National Park (Wyo.)	100,000
Sequoia and General Grant (Calif.)	220,000
Desert View-Cameron, Grand Canyon National Park (Ariz.)	168,000
Surveys, other approach roads	24,300

Total..... 1,500,000

In our tentative program, based on having \$1,500,000 for approach roads in the 1933 appropriation act, we had tentatively programmed the following projects:

	Allotment
Red Lodge-Cooke City, Yellowstone National Park (Mont.)	\$900,000
Southwest approach to Yellowstone National Park (Idaho)	210,000
The above two roads would be completed under this program.	
Moran-south boundary, Yellowstone National Park (Wyo.)	140,000
General Grant-Sequoia (Calif.)	150,000
Desert View-Cameron, Grand Canyon National Park (Ariz.)	100,000

Total..... 1,500,000

The last three projects will be only partly completed, but as these projects are reconstruction of existing poor roads, the new

road can be used in the event that no further authorization for park approach roads is granted.

It is estimated that two more years' authorization at \$1,500,000 annually will be required to complete all the approach roads eligible under the provision that they must cross lands wholly or to the extent of 90 per cent owned by the United States.

DEMARAY,
Acting Associate Director.

DEAR SENATOR: Please note that the authorization for the appropriation for road construction expires with the work uncompleted on the approach roads. In their present state they can not be used. The authorization was for two years.

The PRESIDING OFFICER. The next amendment proposed by the Senator from Montana will be stated.

The CHIEF CLERK. On page 98, line 13, the Senator from Montana proposes to strike out "\$1,200,000" and to insert "\$1,500,000."

The amendment was agreed to.

Mr. SMOOT. Mr. President, I desire to offer an amendment on page 98, line 12, after the numerals "1933," to insert the proviso which I send to the desk.

Mr. GEORGE. Mr. President, I wish to inquire of the Senator from Utah whether it is his disposition to finish the bill to-night.

Mr. SMOOT. Yes; we are nearly through it, and I should like to have it finished to-night.

Mr. GEORGE. I do not think we can finish the bill to-night. I had expected to speak at no great length but possibly for an hour on an important matter.

Mr. SMOOT. We can proceed until 5 o'clock, then.

Mr. GEORGE. If there can be any assurance that we will not finish the bill to-night, I hope the Senator from Utah will indicate it at this time.

Mr. McKELLAR. Mr. President, I have an important amendment to offer. I do not know how long it will take; it may take a very little while; but I wish to offer it as soon as the Senator from Utah gets through with the amendments he desires to offer.

The PRESIDING OFFICER. The amendment offered by the Senator from Utah will be stated.

The CHIEF CLERK. On page 98, line 12, after the numerals "1933," it is proposed to insert the following proviso:

Provided further, That in addition to the amount herein appropriated the Secretary of the Interior may also approve projects, incur obligations, and enter into contracts for additional work not exceeding a total of \$2,500,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof and appropriations hereafter made for the construction of roads in national parks and monuments shall be considered available for the purpose of discharging the obligation so created.

Mr. McKELLAR. Mr. President, I inquire if that amendment is subject to a point of order?

The PRESIDING OFFICER. In the opinion of the present occupant of the chair, it is not subject to a point of order.

Mr. SMOOT. Not at all.

Mr. McKELLAR. I do not think that such an amendment ought to be adopted for any purpose.

Mr. SMOOT. For the record, I want to make just a brief statement and quote from a letter from Mr. Albright. I will quote merely part of it because there is no need of reading it all:

I can not too strongly emphasize the paramount importance of this authority being restored. Without it we will be very badly crippled in our national-park road and trail construction work this year. Our "buying power" in the way of securing favorable bids from large contractors will be practically cut in half. We will find it necessary to resort to many small contracts which will have to be completed within the fiscal year. This is not an economical or efficient way of doing business. The language referred to is designed to meet our peculiar operating conditions. I hardly see how we can do without it. It has been in the Interior Department appropriation bill ever since 1924. There is no doubt about the item being accepted in the House if inserted by the Senate. I have been assured of this by members of the House Appropriations Committee.

In other words, the contracts must be let not piecemeal, but the whole contract must be let at once; and the contract can not be let unless there is authorization by Congress for the appropriation of the money ultimately to pay the contract price. If this provision is not put in the

bill—and, by the way, it does not make a single cent's difference in the appropriation that will be provided or expended—the Secretary of the Interior will not be able to make contracts over and above the amount the appropriation provides.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Utah.

Mr. McKELLAR. Mr. President, I want to say that I certainly think we have gone far enough in these authorizations. Listen, Senators, to the way in which the amendment reads:

That in addition to the amount herein appropriated the Secretary of the Interior may also approve projects, incur obligations, and enter into contracts for additional work not exceeding a total of \$2,500,000, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof and appropriations hereafter made for the construction of roads in national parks and monuments shall be considered available for the purpose of discharging the obligation so created.

Mr. SMOOT. That does not involve the appropriation of a cent.

Mr. McKELLAR. Of course, it does not involve any additional appropriation, but we will be handicapped next year to start with to the extent of \$2,500,000. This is no time to be entering upon projects for the future. Instead of entering upon contracts like this for the future, we ought to be cutting down; but, instead of cutting down, we are encouraging a system of useless and wasteful extravagance.

As I understand, the Chair has indicated he will rule that the amendment is not subject to a point of order. Surely it proposes to give power to the Secretary of the Interior he does not now have; I believe it is subject to a point of order, and I make the point of order against the amendment on the ground that it is legislation upon an appropriation bill, and I submit the point to the Chair. If it is not legislation, the Secretary could go right along and do it anyway if he desired to do so. If it was not legislation, he could go right along and do it anyway if he desired to do it.

Mr. SMOOT. Mr. President, there is not a dollar of appropriation there. Contracts must be made for the roads in the parks. If this provision is not put in, the officials can not make contracts; and next year they will find themselves without any contract, because of the fact that there is no authorization here to contract beyond just the amount of money that is found in the appropriation bill. This is true of all of the parks.

The PRESIDING OFFICER (Mr. Fess in the chair). The Chair would like to ask the Senator from Utah whether the provision "and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof," and so forth, is not legislation?

Mr. SMOOT. That does not apply to the appropriation in this bill. That appropriation has already been made; but if these officials are to go on with the work, as the Chair must know, they must have an authorization simply to contract for the work.

Mr. McKELLAR. That is exactly what we do here almost every day, I am unhappy to say—every week, at any rate. We authorize appropriations. Here we not only authorize an appropriation for the future, but we are authorizing the Secretary of the Interior to engage in the business of making contracts about these roads and trails. Clearly, it is legislation; and I hope the Chair will so hold.

Mr. SMOOT. I do not think it is legislation at all, Mr. President, because of the fact that we are not asking for a single dollar; and this has been going on ever since we began to build roads in parks. For instance, we have contracts in the Yellowstone Park and other parks in the United States for building roads.

If the policy had not been as provided here, the park authorities could not have built the roads, except by piecemeal. They could only say, each year, that they would have a contract for the amount carried in the bill. They could not have a contractor say, "I will build the road from one point to the other and be paid for it as the work progresses." All we appropriate for this year is what we know to be the work that will be done under existing contracts.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. SMOOT. Mr. President, I have one more amendment.

On page 103, line 8, after the word "railroad," I move to insert:

Operation and maintenance of agricultural-experiment stations heretofore operated by the Department of Agriculture on the line of the railroad.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 103, line 8, after the words "Alaska Railroad," it is proposed to insert:

Operation and maintenance of agricultural-experiment stations heretofore operated by the Department of Agriculture on the line of the railroad.

Mr. McKELLAR. Mr. President, is not that legislation? It seems to me it is clearly legislation, and I make the point of order against it.

The PRESIDING OFFICER. The Chair will ask the Senator from Utah whether this is already authorized. The language is, "heretofore operated by the Department of Agriculture." Is this continuing a project?

Mr. SMOOT. Yes; it has been authorized.

The PRESIDING OFFICER. The Chair overrules the point of order on this amendment.

Mr. KING. Mr. President, before the amendment is voted on I desire to make an inquiry. I will ask my colleague the purpose of the amendment. It may be entirely proper.

As I understand—and I will state my understanding, so that the Senator may make an explanation which perhaps will clarify the situation—my understanding is that the Department of Agriculture has heretofore received appropriations for the purpose of operating an experiment station in Alaska and designated the place where it was to be operated.

Mr. SMOOT. Yes.

Mr. KING. If this amendment is for the purpose of changing that place to the railroad, I am inclined to think it would be new legislation; and yet I should not want to make the point of order against that if it were for the advantage of Alaska, and did not involve any additional expenditure.

Mr. SMOOT. I will say to my colleague that it does not involve the expenditure of a single, solitary cent.

Mr. KING. I shall be glad to hear the explanation.

Mr. SMOOT. At the hearing before the Senate committee the following statement was made. I will read the whole of it if the Senator desires, but this is the substance of it:

Senator JONES. I have here before me some material from Mr. Burlew with reference to maintaining the agricultural-experiment stations by railroads. The running of those has been done away with in the agricultural bill, but I think it is suggested here that one or two of these experiment stations could be taken care of by the railroads during the next year, at any rate, without any additional cost to the railroads.

In other words, the stations are there; and, as the Senator must know, it does not pay us to keep a complete personnel at some of those places in Alaska year in and year out while the railroads haul the products past these stations. All the railroads have to do is simply to put the products in the place provided for them there, and we will not need to have a man there all the year around, and we will save just that much money.

Mr. KING. If the purpose of the amendment is merely to utilize appropriations heretofore made, or heretofore authorized, and to utilize the services of the railroad in operating the stations, I think there can be no objection to it.

Mr. SMOOT. That is all there is to it.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. ASHURST. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 35, line 20, after the numerals "\$3,521,500," it is proposed to insert:

Provided further, That contracts or agreements for payment of public-school tuition from this appropriation shall provide for a rate of 75 cents a day based upon actual attendance of each pupil covered by such contract or agreement.

Mr. KING. Mr. President, I reserve the point of order.

Mr. ASHURST. Mr. President, with due deference to the Senator, I wish to say that the amendment is not subject to a point of order, because it does not seek to change the law nor to change or increase the appropriation.

It will be observed that on line 20, page 35, there is an amount of \$3,521,500 for the support of Indian schools not otherwise provided for and other educational and industrial purposes, and so forth, including tuition for Indian pupils attending public schools. The Bureau of Indian Affairs at this time has contracts with the various schools to pay each school district so much per capita per diem for Indian children who attend the public schools. In many of the public schools—notably those in Arizona—the 50 cents per diem per capita is insufficient.

Mr. SMOOT. Mr. President, we could not accept that amendment now, because of the fact that if we did we would have to go through the bill and make increases in all of the appropriations.

Mr. ASHURST. I do not seek to increase the appropriations at all.

Mr. SMOOT. But that would be the result, and there would be a deficiency if the amendment were agreed to. We had the matter up before the committee.

Mr. ASHURST. Very well. I am very grateful to the Senator and the committee; but I wish first to say that the amendment is not subject to a point of order. That is the only thing I want to talk about now. I assert, and I welcome suggestions, that the amendment does not increase this appropriation. I assert that it does not change existing law; that it is simply, solely, and only a limitation on this appropriation. It may, indeed, exhaust this appropriation sooner than we had hoped or anticipated, but it does not increase it or change existing law.

Mr. KING. Mr. President, will the Senator yield?

Mr. SMOOT. Mr. President—

Mr. ASHURST. Certainly; I yield to both Senators.

Mr. KING. If 75 cents per day per capita is paid to those who are operating the schools in the Senator's State, what shall we do with respect to other States? If the Senator is going to exhaust the appropriation in his State, and deprive other States and other schools—

Mr. ASHURST. No; under this provision the 75 cents per day could be paid to every school district where that was the sum necessary to defray the tuition.

Mr. SMOOT. As far as it would go.

Mr. ASHURST. As far as it would go.

Mr. SMOOT. I hope the amendment will not be agreed to.

Mr. KING. I withdraw the point of order, but I shall vote against the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Arizona [Mr. ASHURST].

On a division, the amendment was rejected.

Mr. SMOOT. Mr. President, I send to the desk an amendment which I ask to have read, and then I will make an explanation of it. I have just received it to-day from the Geological Survey.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 71 it is proposed to strike out lines 14 to 17, both inclusive, and to insert in lieu thereof the following:

Salt Lake Basin project, Utah, second division: The unexpended balance of the appropriation for the fiscal year 1932, originally made in the appropriation act of May 14, 1930 (46 Stat. 308), for

the Interior Department for the fiscal year ending June 30, 1931, and continued available for the fiscal year 1932 by the act of February 14, 1931 (46 Stat. 1115), shall remain available for the same purposes for the fiscal year 1933, the proviso to said original appropriation for said second division being hereby amended so as to read as follows: "Provided, That no part of this sum shall be available for construction work until a contract or contracts shall be made as required by the reclamation laws with an irrigation district or districts or water-users' association or associations for the payment to the United States of the cost of such second division."

Mr. SMOOT. I will read the letter from the Secretary on this subject, so that Senators will understand the object of the amendment:

Your secretary over the telephone to-day requested the assistance of this bureau in drafting a provision to be incorporated in the pending appropriation bill for the Interior Department removing the present requirement of law requiring contracts with an irrigation district, and providing that payment of certain amounts should be made within 30 years instead of 40 years.

There is only one contract that I know of in the United States that has a requirement that the money shall be paid back within 30 years. They are all for 40 years except this one.

Mr. McKELLAR. That would be legislation, of course. I am not going to make the point of order, however.

Mr. SMOOT. It is legislation, but why should this one contract be for 30 years when all the others have 40 years?

Mr. WALSH of Montana. Mr. President, I desire to say that we have exactly the same situation on the Sun River, and I must offer an amendment of the same kind there. There is \$25,000 of an unexpended appropriation there.

Mr. SMOOT. Of the same kind?

Mr. WALSH of Montana. Of the same kind.

Mr. SMOOT. I have no objection to it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. WALSH of Montana. Mr. President, if the Senator from Utah will permit me, I should like to offer at this time the amendment to which I have just referred.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Montana offers the following amendment:

On page 69, after line 20, insert:

"Sun River project, Montana: Of the unexpended balance of the appropriation for continuation of construction for the fiscal year 1932, \$25,000 is reappropriated and made available for the fiscal year 1933 for drainage construction, Greenfields division."

Mr. WALSH of Montana. Mr. President, in this case, also, the appropriation was made in 1930, but was unexpended in 1930, and again in 1931.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I have a motion to make in reference to the bill. I will read it myself and then send it to the desk.

I make the following motion as to this bill:

In view of the decrease in all prices of materials, and, in many cases, decreases in cost of labor, and in view of the depleted condition of national revenues, and in the interest of economy, I move that each individual item of appropriation in this Interior Department appropriation bill, and the total, be reduced 10 per cent; and the clerk is hereby directed to make the reductions accordingly.

Mr. President, there is no reason in the world, in my judgment, why every function of the department can not be carried out, every proper business of the department transacted, with a horizontal decrease of 10 per cent in each item in this bill and in the total.

Much is being said about taxes, and very little about reductions of appropriations. We have had a good deal to say about it in the last few days, but unless something more is done, we will not reduce appropriations.

The Senator from Michigan this afternoon offered an amendment directing the President to consolidate departments and bureaus and agencies and offices, but I say that

that is not the way to get a reduction. We have tried that method before.

On May 20, 1918, there was approved a bill almost identical with the resolution offered by the Senator from Georgia, and which the Senator from Michigan offered as an amendment a while ago. That bill was very splendidly argued in the Senate. There were many great lawyers here at that time, like Senator Knox, of Pennsylvania, and others, who took the position that the President, as the Executive, had the right to do the things he claimed he wished to do, and that it was unconstitutional for the Congress to attempt to give him the right to do the things he did not have a right to do.

I call especial attention to the fact of the unconstitutionality of that measure, as shown in the act itself. I read from the act:

Be it enacted, etc., That for the national security and defense—

We were in war then.

That for the national security and defense, for the successful prosecution of the war, for the support and maintenance of the Army and Navy, for the better utilization of resources and industries, and for the more effective exercise and more efficient administration by the President of his powers as Commander in Chief of the land and naval forces the President is hereby authorized to make such redistribution of functions among executive agencies as he may deem necessary, including any functions, duties, and powers hitherto by law conferred upon any executive department, commission, bureau, agency, office, or officer, in such manner as in his judgment shall seem best fitted to carry out the purposes of this act, and to this end is authorized to make such regulations and to issue such orders as he may deem necessary, which regulations and orders shall be in writing and shall be filed with the head of the department affected and constitute a public record: *Provided, That this act shall remain in force during the continuance of the present war and for six months after the termination of the war by the proclamation of the treaty of peace, or at such earlier time as the President may designate: Provided further, That the termination of this act shall not affect any act done or any right or obligation accruing or accrued pursuant to this act and during the time that this act is in force: Provided further, That the authority by this act granted shall be exercised only in matters relating to the conduct of the present war.*

Sec. 2. That in carrying out the purposes of this act the President is authorized to utilize, coordinate, or consolidate any executive or administrative commissions, bureaus, agencies, offices, or officers now existing by law, to transfer any duties or powers from one existing department, commission, bureau, agency, office, or officer to another, to transfer the personnel thereof or any part of it either by detail or assignment, together with the whole or any part of the records and public property belonging thereto.

Sec. 3. That the President is further authorized to establish an executive agency which may exercise such jurisdiction and control over the production of airplanes, airplane engines, and aircraft equipment as in his judgment may be advantageous; and, further, to transfer to such agency, for its use, all or any moneys heretofore appropriated for the production of airplanes, airplane engines, and aircraft equipment.

Sec. 4. That for the purpose of carrying out the provisions of this act, any moneys heretofore and hereafter appropriated for the use of any executive department, commission, bureau, agency, office, or officer shall be expended only for the purposes for which it was appropriated under the direction of such other agency as may be directed by the President hereunder to perform and execute said function.

Sec. 5. That should the President, in redistributing the functions among the executive agencies as provided in this act, conclude that any bureau should be abolished and its duties and functions conferred upon some other department or bureau or eliminated entirely, he shall report his conclusions to Congress with such recommendations as he may deem proper.

Sec. 6. That all laws or parts of laws conflicting with the provisions of this act are to the extent of such conflict suspended while this act is in force.

Upon the termination of this act all executive or administrative agencies, departments, commissions, bureaus, offices, or officers shall exercise the same functions, duties, and powers as heretofore or as hereafter by law may be provided, any authorization of the President under this act to the contrary notwithstanding.

Mr. President, that was passed as a war measure, and the greatest doubts were expressed by some of the ablest lawyers here as to whether it was constitutional or not even as a war measure.

Let us see what happened to it. President Wilson, one of the finest of men, had the power to consolidate, but there were no consolidations, no changes made, things went on just as before, or almost as before; perhaps there were one or two smaller consolidations, but there were no economies effected.

President Harding came in, and for a year and half under his administration he had these powers, but nothing was done by the President.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. McKELLAR. In just a moment. So, in my judgment, that is not the way to obtain economy in the administration of the executive departments of the Government.

I think it would be much better, as I have said before on the floor, to adopt a measure such as that introduced by the senior Senator from Arkansas [Mr. ROBINSON], which would provide for a congressional commission, appointed by the two Houses, by the Speaker in the House of Representatives and by the Vice President in the Senate, and to have that commission report about these things.

The President has the power to recommend changes now, and I have not the slightest doubt, if the President had recommended the consolidation of certain bureaus and had shown where great economies could be effected, that the Senate in even its present attitude about bureaus and commissions, as shown by the votes here in the past two weeks, would have agreed to what the President recommended. But he has not done that. He has the power to do it, he has power, in the view of most constitutional lawyers, to do that very thing now, to effect these economies now, under the present law.

It seems to me that the only way by which we will secure economy is by cutting appropriations. It is our duty to make appropriations. We can make them large or we can make them small, and what I ask is that the Senate adopt this amendment, cutting down each item of the appropriation and the total a simple 10 per cent.

I know that the powers of Government will be just as efficiently carried out with a 10 per cent reduction, a saving of \$5,400,000 in this bill alone, and if the amendment is adopted on this bill, it will be adopted as to other bills, and great savings will be effected, without any injury to the service of our Government.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. SMOOT. I just wanted to call the Senator's attention to the fact that when President Harding first came into office, a couple of months after he was inaugurated, he appointed a commission, consisting of Mr. Brown, the present Postmaster General, two Senators, and two Representatives. We went into the question of doing away with numerous bureaus of the Government, and the consolidation of activities which are duplicated in the departments. We spent months of time on that matter, and I reported a bill to the Senate, but I could never get the Senate to act upon it. They would not do it. Just as soon as the bill was reported to the Senate, propaganda began from one end of the country to the other against it, and we never could get action upon the bill.

Mr. McKELLAR. Mr. President, I remember the bill the Senator introduced, and no doubt it should have been passed. I regret he did not press it, so that it could have been passed. If any such bill were offered now, it would be passed beyond a doubt. Conditions were different in those days. We had more revenue than we knew what to do with. Whatever tax bill we passed increased our revenues enormously. But under the present conditions it is quite different. Under any bill we pass we raise less revenue than it was estimated we would raise.

The PRESIDING OFFICER (Mr. Fess in the chair). The Chair would like to ask the Senator from Tennessee whether the 10 per cent reduction is to apply to amendments which have been made on the floor of the Senate.

Mr. McKELLAR. It applies to every item of the bill.

The PRESIDING OFFICER. No amendment could be reduced without reconsidering the vote by which it was agreed to.

Mr. McKELLAR. Then I will except amendments and let it apply only to the various items of the bill, so that we can have a vote on it.

Mr. COSTIGAN. Mr. President, may I ask the Senator from Tennessee whether he desires to have a vote on his amendment to-night?

Mr. McKELLAR. I am not at all particular about it. I do not suppose we could get one to-night.

Mr. SMOOT. I do not want to call Senators back to-night, and we are to take a recess in a few moments.

Mr. McKELLAR. I yield the floor. I have finished all I desire to say on the amendment.

Mr. COSTIGAN. While I am on my feet I desire to say that I have three amendments to offer, to be inserted on page 109 of the bill, and shall desire a record vote with respect to those amendments.

Mr. SMOOT. There are some other amendments I want to have considered.

THE CONTROVERSY WITH SECRETARY WILBUR

Mr. KING. Mr. President, yesterday my colleague [Mr. SMOOT] offered for the RECORD, just as we were adjourning, a statement emanating from Secretary Wilbur. A short time before I had seen a statement emanating from Mr. Wilbur for the press, in which he had criticised rather severely the Senator from Montana [Mr. WHEELER] and myself, and particularly Mr. John Collier, with whose labor on behalf of the Indians we are all familiar. Mr. Collier had seen that statement a short time before and sent to me what was intended as a reply to the press statement given out by Mr. Wilbur.

I supposed my colleague was putting into the RECORD the press statement. Instead of that I discovered this morning that he had put into the RECORD a very long statement issued by the Secretary, and I make no complaint at all, but obviously Mr. Collier's statement, which I put into the RECORD last night, was a reply to Mr. Wilbur's press statement.

Mr. SMOOT. Mr. President, I want to say to my colleague in that connection that I was here on the floor all day yesterday, and I found the statement which the Secretary sent to me himself. The other was handed to me and I thought that was what I was putting into the RECORD.

Mr. KING. I make no complaint at all. In view of that long statement which my colleague offered for the RECORD—and he acted very properly in so doing—I desire to have Mr. Collier's reply to that statement inserted in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE INDIAN TRIBAL STATEMENT SUPPORTED

AMERICAN INDIAN DEFENSE ASSOCIATION (INC.),
Washington, D. C., March 11, 1932.

Hon. WILLIAM H. KING,

United States Senate, Washington, D. C.

DEAR SENATOR KING: Just now (9 a. m. March 11) I have seen the lengthy statement by Secretary Wilbur placed in the RECORD yesterday by Senator SMOOT. My own statement, placed in the RECORD by yourself, dealt with Secretary Wilbur's press release of March 9, and I therefore suggest that Secretary Wilbur's press release might advisably be placed in the RECORD. It is attached (A).

Between now and the noon hour it is impossible to have typed an exhaustive analysis of the very lengthy statement of Secretary Wilbur, just received. I give, however, certain controlling facts which dispose of his rejoinder to the Indians. They are arranged in accordance with the divisions of Secretary Wilbur's statement:

1. "THE SO-CALLED BROKEN PROMISES"

The Indian tribes' statement, which you placed in the RECORD, described six undertakings made by Secretary Wilbur and Commissioner Rhoads, and stated that they have abandoned them, and stated "The record of the abandonment of these undertakings made by Secretary Wilbur and Commissioners Rhoads and Scattergood is complete."

Secretary Wilbur replies, in effect, that pledges or undertakings were not made, but that certain efforts have been made by the department to secure legislation on the lines in controversy.

I suggest that you place in the RECORD the several letters which, in the view of the Indians, did constitute undertakings and pledges. They are appended herewith. (B) Specifically:

TRIBAL SELF-HELP NOT ASSISTED

Extension of tribal authority and tribal incorporation: The officials stated December 11, 1929, that "under existing law" tribal councils existed merely in effect through the grace of the Commissioner of Indian Affairs, were subject to his rules and regulations, etc. "It is not," they stated, "a hopeful or practicable situation for building up the group self-help of the Indians." They then called attention to the tribal incorporation plan, at that time pending as S. 5735, Seventieth Congress, second session, and Assistant Secretary Dickson stated in a letter December 18, 1929, indorsed by Secretary Wilbur: "I have great faith in that bill" (the tribal incorporation bill).

The Wilbur and Rhoads statements are more complete and emphatic than the above quotations indicate. That was in December, 1929. What have the officials actually done?

The incorporation bill is pending to-day before the Senate Committee on Indian Affairs. And to this date (March 11, 1932) the department has not even made its departmental report on the bill. The practice of the committees of Congress is well known; they wait on a departmental report before they proceed with the consideration of a bill.

There is earlier history connected with tribal incorporation bills, whose net effect is to show that the department has rather elaborately found methods of delay and evasion while averting a forthright repudiation of the tribal incorporation plan so broadly indorsed at the beginning of Secretary Wilbur's tenure. Executive departments, and particularly the Indian Office, are masters in the technique of obstruction and delay. That delay has been successful with respect to the tribal-incorporation plan; and after three years the bill rests in committee in default of a departmental report thereon.

What of the far less radical bill, establishing the right of tribes to organize into tribal councils with limited powers, but powers defined by statute? That bill (S. 3668), pending since February 5 last, still awaits the departmental report, and the hearings thereby are blocked. I suggest that this bill be introduced into the Record as a sample of what the Indian Office is not willing to indorse after its large undertakings to seek tribal incorporation and legal scope for tribal organizations (C).

LAND DISINHERITANCE NOT CHECKED

Concerning the disinheritation of allotted Indians: The statement made by Secretary Wilbur and Commissioner Rhoads in 1929 was bold and broad, and manifestly was a commitment and pledge. They stated: "The consequences (of the existing system) are mathematically certain; the allotted Indians of the second generation largely become landless. By the time the third generation has arrived substantially all of the allotted Indian land will have passed into white ownership." Much more of equal definiteness and sweep.

The Indians in their statement charge that this undertaking has been abandoned, and this problem neglected by the department. Secretary Wilbur replies that in one case (Southern Ute) it has made "an unsuccessful attempt" to meet the situation, and that in one other case (Fort Berthold) it has endeavored to meet the situation through applying certain tribal funds. Yet Messrs. Wilbur and Rhoads in their commitment stated: "The Indian allotted land constitutes more than one-half of the whole area of the Indian country and more than half of the surface value of the Indian country, and more than two-thirds of the Indians are now allotted."

In a word, the department practically admits that it has abandoned the undertaking which it did make, although it does not now admit making it.

TRIBAL CLAIMS ACTION ABANDONED

Concerning Indian tribal claims: Attention is again called to the Wilbur-Rhoads letter of 1929 dealing particularly with Indian claims. It speaks for itself and obviously is a commitment and pledge.

Secretary Wilbur replies that on May 26, 1930, he forwarded a memorandum to the chairman of the House Judiciary Committee recommending an independent board to investigate. He adds that the bill H. R. 7693, establishing a comprehensive plan for dealing with Indian claims, was vetoed by the Bureau of the Budget and disapproved by the Department of Justice (while the Indian Office took a neutral position).

But Secretary Wilbur avoids all reference to the vastly important study of this matter made by Nathan R. Margold, specialist in Indian law for the Institute of Government Research, at the request of Commissioner Rhoads. Mr. Margold formulated a complete plan and a proposed statute after exhaustive investigations, and Commissioner Rhoads disposed of the result and the proposed bill by stating that they were "worthless."

In a word, the department did make the bold and great undertaking referred to by the Indians and has utterly abandoned it.

CHANGE OF ALLOTMENT SYSTEM NOT ATTEMPTED

Concerning amendments of the allotment act: Secretary Wilbur states that "no pledge was made" with respect to "working for comprehensive amendments to the allotment law." How can he make this statement in the light of his December 11, 1929, letter to Congress? What is an undertaking when the undertaking is made by the Secretary of the Interior and the Commissioner of Indian Affairs? Does it have to be sworn before a notary and supported by a bond? The Wilbur-Rhoads letter of December 11, 1929, speaks for itself.

However, while denying that he made the undertaking which he did make, Secretary Wilbur states that Congress blocked the department's bill, H. R. 15498, designed to authorize an investigation by his office to inquire into the codification and revision of Indian laws. The bill in question did no more than provide a large fund of money to be used by the Secretary of the Interior—i. e., the Indian Bureau—for conducting more investigations. It was defeated, and properly so. It was defeated because the bureau and department possessed a wealth of definitive findings by competent investigators and was taking no action upon them, and the new proposal would merely have furnished a ground for prolonging the delays of action which had already become intolerable.

The department possesses to-day all the facts and all the knowledge needed to formulate successfully and justify the amendments

of the devastating allotment act, and Secretary Wilbur's own reply to the Indians' statement is a confession that his office has done nothing on this line more important, possibly, than any other in Indian life.

IRRIGATION REORGANIZATION BLOCKED BY DEPARTMENT

Concerning irrigation reorganization: With respect to irrigation, the record has been so fully made in the Senate discussions that I do not elaborate it. I do, however, point out that Doctor Wilbur makes no denial of having undertaken to transfer the Indian irrigation service to the Bureau of Reclamation under Doctor Mead, the thing that has not been done. He omits, though the matter is of record and is not disputable, that it was the Bureau of the Budget, not Congress, which vetoed his legislative proposal of 1929 to reorganize the Indian irrigation service as above, and that thereafter it was Mr. Cramton, now in his office as a special attorney, but at that time chairman of the subcommittee on Interior Department appropriations in the House, who inserted into the appropriation act the clause prohibiting the transfer and reorganization.

Secretary Wilbur likewise omits the fact of record, that both Commissioners Rhoads and Scattergood stated at the House committee hearings on the 1931 bill (i. e., in November, 1929), that they proposed to hold the Indian irrigation service within the Indian Office, i. e., that they had abandoned his reorganization plan. Finally, Secretary Wilbur omits the information that at any time he could have overcome the obstructive proviso placed in the appropriation act by Mr. Cramton, through asking Congress for general legislation authorizing or directing the transfer of the Indian irrigation projects to Dr. Elwood Mead's department. Secretary Wilbur in his reply is depending on the lack of information of the public which naturally can not be in possession of these details of the record. (The record is fully given in the hearings, Senate, on H. R. 15498, p. 48, February 26, 1931.) The broad fact is, that Doctor Wilbur heralded the transfer of the Indian irrigation service to the Bureau of Reclamation, under Dr. Elwood Mead, and the Bureau of the Budget interposed an obstacle, and then Secretary Wilbur abandoned his undertaking in the face of Mr. Cramton's opposition; and Mr. Cramton is now a special attorney in Secretary Wilbur's office.

So much for Secretary Wilbur's denial of the Indians' assertions respecting the undertakings made, and not fulfilled, by his office and by the Indian Office.

COMING NOW TO SECRETARY WILBUR'S SUBHEADS 2-3—VIOLATION OF TRIBAL-ALLOTMENT RIGHTS THROUGH THE PERMIT SYSTEM

He does not meet the Indian charges at all. He does not deny that existing law placed the leasing of tribal lands for grazing and mining under the control of the tribes. He does not deny that the Indian Office has adopted a scheme of "permits" which takes this control away from the tribes, in violation of the direct mandates of the statutes. As for the compelling all the Indians to sign powers of attorney, Secretary Wilbur does not deny that the regulations of June 4, 1931, do compel the Indian who refuses to sign such power of attorney, to fence at his own expense his entire allotment or take the consequences at the hands of trespassers; nor does Secretary Wilbur deny that, under the regulations, the Indian agents can refuse to validate any lease negotiated by any Indian who refuses to sign the power of attorney to the Indian Bureau.

The Indians' assertions stand unchallenged, and they are exhaustively supported in the record testimony of the recent hearings before the Senate Indian Investigation Committee (part 22).

SECRETARY WILBUR'S SUBHEAD 4—TRIBAL FUNDS

This need not be dealt with at length. The present Senate debates are covering it. He admits, at least by silence, that the bureau's administrative operations, including salaries, are in fact charged against the tribal and trust funds of the Indians. They have been so charged in the amount of more than \$5,000,000 since he took office. He does not controvert the accuracy of the reports dealing with the Mescalero and Klamath and other reservations, issued by the Senate Indian investigation committee and referred to in the Indians' statement. He does not deny that the tribal funds have steadily dwindled and are now disastrously depleted. He passes by in silence the entire record of the exploitation and waste on the Klamath Reservation. And he actually conveys by implication that it is Congress which has imposed on the tribal funds these drafts for Indian Bureau salaries. The current budget, and every preceding budget, establishes that the drafts were initiated by the department, and expounded before Congress by the department; the department's budget estimates being in fact predicated on them.

The Indians in their petition do not state that Congress in this matter is blameless. They clearly state that the department is blameworthy.

DECEPTIVE BUDGETING IS CONTINUED

Next, Secretary Wilbur's subhead 5: This deals with the confused and concealed budget and accounting system under which Indian moneys are handled. Secretary Wilbur admits that the department opposed the Frazier bill, S. 3417. As that bill is brief and is entirely self-explanatory, I hope that it may be placed in the Record. It is appended (D).

I call attention to what Secretary Wilbur's admission establishes:

First, Secretary Wilbur declares that the Indian Office and Interior Department are not responsible for the admittedly bad system of budgeting and accounting.

Then he says that the Frazier bill was opposed by his office because it would have necessitated a change in the accounting system.

Then he says that "the special features of the proposed system (i. e., the ends sought in the Frazier resolution) could all be met at the present time if personnel were available."

His inconsistency will be manifest. The Frazier bill was an effort to lay the foundation for a new budget law, and in the meantime to insure that Congress and the Indians would know what money was being spent for what purposes, by functions and by reservations. Secretary Wilbur blocked the Frazier bill. He now says that everything could be made all right if there were more personnel. Manifestly no increase of personnel would have the effect of creating a new budget law for Indian moneys. The plain fact, which is tacitly admitted in Secretary Wilbur's rebuttal, being that the system of Indian Bureau budgeting is chaotic, deceptive, profoundly unsatisfactory to every honest functionary of the Indian Service itself; that it requires legislation to correct; and that the corrective legislation has not been proposed by Secretary Wilbur or Commissioner Rhoads and the corrective legislation proposed by Senator FRAZIER has been blocked by them.

CRUSHING AND UNLAWFUL DEBTS PERPETUATED

Secretary Wilbur's subhead 6: Crushing and unlawful debt. Secretary Wilbur replies to the Indians' charge of being crushed under unlawful debts by stating that he indorsed a bill (H. R. 150) in the Seventy-first Congress which authorized the bureau to make further investigations. Secretary Wilbur's letter of December 11, 1929, fully stated the facts exactly as the Indians in their document have alleged them. If the December 11, 1929, letter is not a commitment to work hard and to work fast for a remittal of debts which are crushing and which are of a questionable legality, it is hard to see what would be a commitment. Secretary Wilbur in his 1929 document pointed out that millions of the Indian debt has been retroactively imposed, and that millions more had been imposed in violation of the guarantees in the allotment act and trust patents.

As for the Indians' statement, it points out how little the department has done. The Indians state that the Wilbur-Rhoads régime has remitted approximately one twenty-fifth of the debt, that one twenty-fifth being precisely the \$1,370,000 mentioned by Doctor Wilbur. The total debt on June 30, 1928, was \$34,310,000, as reported by Commissioner Rhoads. (The Senate Indian investigation hearings, pt. 6, p. 2676.) The debt has been largely increased since 1928. The Indians correctly state that the prior régime had remitted two and one-half times as much. (Not six times as much; Secretary Wilbur misquoted.)

BOARDING SCHOOL EVILS NOT DENIED

Subhead 7 of Secretary Wilbur on the boarding schools: His statement does not controvert the Indian statement. The facts as to boarding school overcrowding and the infinitesimal diminution of boarding schools, contained in the Indian statement, were taken exclusively from the annual report of the Commissioner of Indian Affairs for 1931 and the annual report of the Commissioner of Indian Affairs for 1929, and the statement of Doctor Ryan. The statements respecting the increase in boarding-school costs in the total of educational costs is not disputed by Secretary Wilbur; it is simply a fact.

FLATHEAD POWER, CRAMTON, HAGERMAN

Secretary Wilbur's subhead 8, on the Flathead power site: The Indians' statement stands unchallenged. Secretary Wilbur admits that a license was issued to the Rocky Mountain Power Co., which is the dummy referred to by the Indians. He makes the almost humorous statement that the Montana State Power Commission "can regulate the rates for which it (the dummy) sells power to the Montana Power Co. (the owner of the dummy)." Secretary Wilbur ignores the charge that by issuing the license to the dummy, Federal regulation over finances and accounting was truncated at the dummy; i. e., was, in fact, nullified. He admits that the Montana Power Co. is now, having disposed of its independent competitor, asking for the authority to postpone construction, so that the sacrifice of Indian and public advantage has not even secured quick development of the power site.

Secretary Wilbur's subhead 9, the paragraph on Mr. Cramton: The Indians' statement is corroborated by Secretary Wilbur. Cramton exercised a dominating influence in the Indian Bureau when he was chairman of the House committee dealing with that bureau's funds. It was an influence pervasive and intimate. He is now an official of the Interior Department; and his influence is, of course, being exercised over Indian matters, which are one of his specialties and concerning which he has positive and reactionary views.

Secretary Wilbur's subhead 10, Mr. Hagerman: The statement by the Indians as to the Rattlesnake transaction is not controverted at any point by Secretary Wilbur. It can not be, inasmuch as it rests exclusively on printed records. (Senate Indian investigation hearings, pt. 11.) Secretary Wilbur explains. He does not disprove or even deny. For the rest, the facts as to Mr. Hagerman are in the Senate record of the current days, and doubtless more of them will soon be put into the record.

SECRETARY WILBUR'S SUBHEAD 11—THE PUEBLO BILL

It is needless to argue this issue here. The records—Senate Indian Investigation Committee, part 20—are all printed. They establish that Commissioner Rhoads and Secretary Wilbur have been fighting against the Pueblo relief bill; that they have defended

their course through asserting that the bill in some manner disestablishes certain prior water rights which they allege the Pueblos to possess; that the bill has no such effect and could not have; that in their argument they have rested on the recent testimony of Mr. Hagerman, in spite of the proved fact that Hagerman's recent testimony, if now believed, would prove him to have misstated the facts in the Federal court. His fellow members of the Lands Board have contradicted, under oath, before the Senate Indian investigation committee this new testimony of Hagerman, which Secretary Wilbur and Commissioner Rhoads choose to rely on. Secretary Wilbur makes a statement that is inaccurate with respect to the clause in the bill inserted by the Senate committee, authorizing the Pueblos, if they so desire, to make payment to their attorneys for past services. His error of fact is disposed of in my letter placed in the Record of yesterday. Secretary Wilbur does not deny the Indians' charge that the bureau, before the House Indian Committee, did propose that the white receive at once their payment of compensation, while the Indian case be referred back to the Hagerman board.

SECRETARY WILBUR'S SUBHEAD 12—THE NAVAJOS

Secretary Wilbur does not meet the Indians' charge at all. For more than six weeks the Navajo sheep have been dying in enormous numbers from preventable starvation. The four Senators from Arizona and New Mexico petitioned the department either to secure the needed money for sheep feed from Congress or to enlist the Red Cross, and neither plea was heeded. When the Department of Agriculture manifested a willingness to cooperate, and the matter was urgently laid before Commissioner Rhoads, the Indian Office replied with a proposal that the Department of Agriculture transfer lump sums to the Interior Department, which proposal involved difficulties of law and precedent and has caused a delay now nearly two weeks old at a time when lost days, even lost hours, are fatal.

I suggest that there be placed in the Record the unanimous resolution of the House Committee on Indian Affairs adopted March 3 last. That resolution states the whole situation, respecting the ruin of the Navajos and the distress of Indians everywhere. It clearly points out that the Indian Bureau had on March 2 only \$95,000 for all the distressed Indians of the country, including the Navajos; and was asking for only \$135,000 more; and that the total was tragically inadequate in the face of at least 75,000 ward Indians in acute distress and at least 50,000 nonward Indians in acute distress. The House committee's resolution says enough (E).

But I here take occasion to state what I am prepared to demonstrate from the records not only in Commissioner Rhoads's files but in the files of the American Indian Defense Association, namely, that the Navajo Indians have for many weeks been so desperate concerning the starvation of their sheep that they have been ready to borrow the money, mortgaging their sheep as a pledge. In the face of this situation the Indian Office has procrastinated, through elaborate devices of procrastination, one of which was to tardily send its agricultural director, Mr. Cooley, into the field for an investigation, which, after 19 days, had not (March 5) produced a final report. That the probable effect of the bureau's course of niggardly action and delayed action was known by it to be that later on the Government or the Indians would be compelled to buy sheep in quantity and at great cost to replace the sheep being allowed to starve to death. That the opportunity to use the Department of Agriculture's money has been procrastinated for more than two weeks, to this date, by needless technical delays not due to the Department of Agriculture. That the record is one which hereafter will be known to the public, and will be one of the permanent clouds on the clouded record of the present officers of the department and the bureau.

In conclusion I mention that the signatures to the Indians' petition are multiplying. To the signatures placed in the Record by you on March 9 the following are to be added:

The Fort Peck General Council, Gus M. Hedderich, chairman, Rufus Ricker, sr., vice chairman; H. H. Welsh, sr., business committee of Standing Rock Reservation, Fort Yates, N. Dak.; Marion E. Gridley, secretary the Indian Council Fire, Chicago; Council of the San Carlos Apache Tribe, Arizona, by Henry Chinni; tribal Council of the Tongue River Reservation, Mont., by Clay C. Rowland, chairman, and Rufus Wallowing, secretary.

Sincerely yours,

JOHN COLLIER.

SECRETARY WILBUR'S MARCH 9TH STATEMENT

DEPARTMENT OF THE INTERIOR.

Memorandum for the press.

In reference to the attack on the conduct of Indian affairs purported to come from the Indians and read by Senator KING in the Senate to-day, Ray Lyman Wilbur, Secretary of the Interior, issued the following statement:

"It is perfectly clear to all of us familiar with the subject that the statement presented and purported as coming from the Indians comes from Mr. John Collier, a well-known and well-endowed lobbyist on Indian affairs. It is true that the Indian has suffered from drought, grasshoppers, heavy snows, floods, and general depression, as have many others. The Indian is under the plenary power of Congress and is caught in a mesh of legislation, so that reasonable administration is hampered at every turn. Every effort has been made to get Congress to pass legislation that would permit codification and simplification of the Indian laws, unification and simplification of the Budget, more satisfactory conditions for Indian school children, proper control of the Indian's property,

etc., but such legislation is difficult to formulate and more difficult to pass.

"Mr. Collier is a fanatical Indian enthusiast with good intentions, but so charged with personal bias and the desire to get a victim every so often that he does much more harm than good. His statements can not be depended upon to be either fair, factual, or complete. He presents facts the way the curved mirrors make the people look who attend the chamber of horrors of the side show. He has developed a high nuisance value in connection with the handling of Indian problems. Since all money and legislation for the Indians have to be passed through Congress, Mr. Collier's methods have not led to satisfactory results. Recently he has been trying to pass legislation regarding the Pueblo Indians that would not insure the priority of their water rights and that would provide a \$75,000 fee to one of the attorneys helpful to his organization, although this attorney was not selected or approved by the Indian Office.

"Those who think that a constant chorus of complaints and minor investigations help the Indian more than the joining in on the back-breaking job of fundamental legislation and administration remind one of David Harum's observations on the need of some fleas for every dog. Constant badgering of faithful and devoted men who are working hard in the national service is pretty poor business. When a man reaches a point where he conducts an inquisition because those in responsibility will not follow his irresponsible directions, it is about time for his organization to carry out its purposes under new leadership."

DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, December 11, 1929.

MY DEAR MR. LEAVITT: We are confronted with the problem of what to do with the indivisible tribal estates of the Indians. There are conditions with which it seems impossible to deal satisfactorily under existing law. I do not know what changes of the law should be considered, but I am writing this letter to call attention to the underlying facts. Indian wealth totaling hundreds of millions of dollars—possibly a billion dollars—is essentially indivisible. It includes such items as mineral and oil resources, power sites, timber wealth, the large bodies of grazing land, and even the farm lands of such tribes as the Hopis of Arizona and the Pueblos of New Mexico.

At present, and under existing law, the Government, through the Interior Department, is charged with the direct and highly paternalistic administration of these properties, and unless existing law be changed it may well be that the Government 100 years from now will find itself still charged with this responsibility and still maintaining the paternalistic administration.

The properties in question, in order to be conserved or sufficiently developed, ought in many cases to be treated as estates not capable of subdivision.

It even seems possible that the only way to salvage some classes of Indian-allotted land may prove to be by turning them back into the community estate.

As I have stated, under existing law the Government may find itself administering these vast and varied properties to the end of time. And through all this time the Indians, so far as existing law is concerned, must remain in a state of dependency, being neither forced nor permitted to take on the business responsibilities of American life or to make use of the instrumentalities of modern business.

It is true that under existing law the Interior Department can and does, in a more or less formal way, recognize Indian tribal councils. It might even be possible through an elaboration of rules and regulations to vest in such councils a considerable responsibility for the operation of their tribal properties. But such action of the administrative kind would be revocable by any succeeding administration; it would not provide a firm basis for the development of responsibility on the part of the Indians; and it would not do away with the underlying condition, which is that the minutia of tribal affairs rests in the hands of the department and Congress and that the detailed responsibility rests with the department and Congress. It is not a hopeful or practicable situation for building up the group self-help of the Indians.

As you undoubtedly know, Senator McNARY, of Oregon, introduced a bill in the last Congress providing for the incorporation of the Klamath Indian Tribe. (S. 5753, 70th Cong., 2d sess.) It is my understanding that this bill was introduced in order to provide a basis for further study and conference. I do not suggest that the problems raised in this letter can be wholly met through the method of tribal incorporation, but it would seem that a complete study should be given to the subject of passing over to the Indians themselves a collective responsibility for their tribal business and ultimately of terminating the present absolute responsibility of the Government for the management of these multitudinous properties.

Your help and the help of your committee in working out this problem will be heartily appreciated.

Sincerely yours,

C. J. RHOADS, Commissioner.
RAY LYMAN WILBUR, Secretary.

HON. SCOTT LEAVITT,
Chairman Committee on Indian Affairs,
House of Representatives.

Approved December 18, 1929.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, December 11, 1929.

MY DEAR MR. LEAVITT: I am invoking your aid in a matter which perplexes us and the Indian Office and which I believe has often perplexed the Indian Committees of Congress as well.

Every week in the office of the Commissioner of Indian Affairs seems to lead further back into a wilderness of past misadventures. I refer to that whole class of subject matter that is dealt with in Indian Court of Claims bills, but, in addition, to a large class of subject matter which I am informed can not be dealt with in Court of Claims bills, because no legal right assertable by the Indians in court is involved.

You, far better than I, know the situation with respect to Indian Court of Claims bills. Under existing conditions the Interior Department and the committees of Congress are compelled in some manner to prejudge these Indian claims, yet neither the department nor the committees of Congress possess the necessary information for such prejudgment. When a claims suit is authorized by act of Congress there ensues a litigation, often prolonged, costly, and, from the Government's standpoint, highly burdensome, especially to the office of the Comptroller General. Many scores of claims suits, not less legitimate than suits already brought, are still pending under the consideration of the department or of the committees of Congress, or soon to be brought under such consideration.

Scores of tribes and thousands of Indians are to some extent living and breathing in the thought and hope of great results from suits in the Court of Claims.

But the perplexities growing out of the past are, as I have suggested above, greater in number and variety than would be displayed by all possibly successful Court of Claims suits. There are, for example, the many items of reimbursable indebtedness—tribal indebtedness, as well as the indebtedness on allotted lands. There are claims by Indians who never subsisted in treaty relations with the Government; in such status are most of the Indians of the far West and many of the southwest tribes.

My thought on its positive side is as follows: Could not all of these matters be dealt with and brought to a finality within a limited number of years if a special Indian claims commission were created? This commission might and probably should be altogether independent of the Interior Department; its members might be named by the President, subject to confirmation by the Senate; it should be adequately budgeted.

This claims commission might be given power to reach final settlements—essentially judicial power—in specified classes of cases where the Indian claim rested on a legal right assertable as such. But the commission should hear all causes, those that are human and moral, as well as those that are legal and equitable; and its findings, submitted to Congress, could be the basis of settlement of a gratuitous kind which Congress might authorize. As an illustration of the possible functions of the commission, it occurs to me to mention the Mixed Claims Commission, the present duties and powers of the Pueblo Lands Board, and the creation of special courts of land claims that have been authorized by the act of Congress from time to time.

I state the thought in a brief and doubtless in a crude way, and I hope for an opportunity to get your counsel about it in conference. The mechanism which I suggest might not be practicable, but the conditions which I have referred to are indeed real, vexing, grievous to the department, at least; and in many cases they are matters of heartbreak to Indians and of hopes long postponed, often hopes never to be realized, which yet are operating to create dissension within tribes and to deter Indians from self-help.

This further thought occurs to me: There can be no liquidation of the Government's guardianship over Indians until this inheritance of treaties and alleged broken treaties and governmental laches of the past is absorbed. The process, even with the most expeditious procedure, will require years. With procedure as at present it might well require 100 years. Hence, any plan contemplating the gradual diminution and the ultimate and final termination of Indian tutelage must concern itself with this aspect of the situation.

Any assistance your committee may render in working out a constructive policy in important matters of this kind would not only be greatly appreciated but it would also be of substantial benefit to the Indians themselves.

Sincerely yours,

C. J. RHOADS, Commissioner.

HON. SCOTT LEAVITT,
Chairman Committee on Indian Affairs,
House of Representatives.

Approved December 18, 1929.

RAY LYMAN WILBUR,
Secretary.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, December 11, 1929.

MY DEAR MR. LEAVITT: Since entering the Indian Office, I have become increasingly and gravely impressed with certain conditions growing out of the operation of the general allotment act and various special allotment acts, and likewise growing out of the system of placing reimbursable liens on Indian-allotted lands.

These are situations apparently which call for legislative remedy. What that legislative remedy should be I am not as yet prepared to suggest.

I bring the subject to your attention now in the hope that light might be cast on it through past or future findings of your committee, and in the hope that inquiries by your committee may be directed toward possible legislative solutions of the problem.

I state briefly the situation as it has been impressed on my mind within the Indian Office. I begin with a comparatively less important item and then proceed to the more important one.

I

Indian-allotted land held under Government trust is at present burdened with a lien in excess of \$25,000,000. The history of this lien is briefly as follows:

The general allotment act provides (sec. 5) that at the expiration of the trust period "the United States will convey the same (allotted land) by patent to said Indian or his heirs * * * in fee, discharged of said trust and free of all charge or encumbrance whatsoever."

The above language has been carried over into the special allotment acts; and the trust patents of the Indians repeat the language of these guaranties.

For a long term of years expenditures authorized by Congress for irrigation, construction, and maintenance on Indian reservations were gratuitous. The act of August 1, 1914, translated these accumulated gratuities into reimbursable obligations. The provision was as follows:

"That all moneys expended heretofore or hereafter—for irrigation, construction, and maintenance and some other uses—shall be made reimbursable where the Indians have adequate funds to repay the Government, such reimbursements to be made under such rules and regulations as the Secretary of the Interior may prescribe." (Act of August 1, 1914, 38 Stat. L. 583.)

Since 1914 substantially all of the appropriations for irrigation work on Indian lands, allotted lands included, have been reimbursable. In addition, other improvements, including bridges and public highways, have been paid for with appropriations made reimbursable sometimes against allotted land.

Thus, far from being "discharged at the end of the trust period free of all charge or encumbrance whatsoever," as provided in the allotment acts, the Indian allotments are burdened during their trust period with charges sometimes as great, or almost as great, as the present value of the land.

Has the imposition of these liens, under the circumstances, been constitutional? The question has never been passed on by the higher courts, but the collection of the liens has proceeded in all those cases where Indian allotted land, burdened with a lien, has been sold. The Government is reimbursed and the reimbursement is taken out of the sales price of the land. The Indian, not the purchaser of the allotment, pays the reimbursable lien.

A problem related to this one of reimbursable liens is that of the nontaxation of Indian allotted land in trust, the allotted land which is rented to whites. I merely refer to this as a subject calling for further investigation.

II

The second aspect of the allotment situation appears to be of greater urgency. Under the act of June 25, 1910, it is practically, though not technically, mandatory that Indian allotted land be sold on the death of the allottee. Even in the absence of statutory direction such sale would be difficult to avoid under the conditions created by the allotment acts. The indefinite partitioning of allotments is not practicable; the Indian heir who may desire to remain on his allotment and cultivate it rarely would be able to buy out those heirs who might desire a liquidation of the heirship estate.

The consequences are mathematically certain; the allotted Indians of the second generation largely become landless. By the time the third generation has arrived, substantially all of the allotted Indian land will have passed into white ownership. What this means is appreciated when it is noted that the Indian allotted land constitutes more than one-half of the whole area of Indian country, and much more than half of the surface value of Indian country, and when it is further noted that more than two-thirds of the Indians are now allotted.

The completion of the process of alienation of heirship lands has been delayed through the absence of purchasers, but this delay is only a momentary and accidental brake slightly retarding the downhill process. If a reservation whose allotment is comparatively recent be taken as an example, it can be pointed out that on the Blackfeet Reservation in Montana, one-third of the allotted area, or 410,000 acres, is now in the class of heirship land of which all save about 57,000 acres is at least theoretically on the market. The 57,000 acres immediately above referred to have passed out from Government trust, having been fee patented to Indians or whites. The rate of increase of heirship lands is, of course, greater with each year.

I make the very tentative suggestion that part, at least, of the loss of Indian heirship land to the Indians might be averted if there were some means provided whereby the allotted land could revert to the tribal estate, becoming subject to reallocation as conditions might prescribe. However, it would appear that far-reaching changes in the system of allotment would be necessary to accomplish these results. It has been suggested that Indian tribes might be permitted and assisted to form themselves into corporate bodies and buy that allotment. These loans would enable the allottees to buy out the other shares of stock; such a method, it would seem, might be practicable for those reservations possessed of large tribal assets, such as timber, oil, minerals, or water power.

Alleviation might be secured through a policy of granting reimbursable loans to those inheritors of allotted lands who may desire to continue as cultivators, or to become cultivators, on the original allotment. These loans would enable the allottees to buy out the other heirs. The difficulty of such a plan, aside from the question of appropriations, lies in the condition stated at the beginning of this letter, namely, the guaranty in trust patents against imposition of liens during the trust period. Could the United States become the holder of mortgages on fee-patented lands?

It may be worth while to point out that the administration of allotments under trust, and of heirship-allotted lands, has immensely complicated the task of Indian guardianship and increased its cost. And of perhaps greater significance, the weight and drag of the reimbursable obligations, and the practical impossibility of the inheritance of the Indian's improved allotment by his offspring, together with the flow of a small income from lease-allotted lands and the expectation of cash receipts from the ultimate sale of the allotted land, have operated to keep Indians in idleness, with all the consequences that idleness brings.

I have become convinced that the difficulties and problems here stated are very close to the heart of the Indian situation and of the perplexities which beset the Indian Office. Constructive thinking is needed, and I make bold to suggest that the allotment act in its entirety, along with the system of reimbursable loans in its entirety, need legislative reconsideration.

Should your committee decide to extend its investigation into the lines here indicated, with a view to possibly formulating amendments of law, the records and technical staff of the Indian Office may prove serviceable in the furnishing of data and in suggestions drawn from experience in this most complicated task of allotment administration.

Any assistance your committee may render in working out a constructive policy in important matters of this kind would not only be greatly appreciated but it would also be of substantial benefit to the Indians themselves.

Sincerely yours,

C. J. RHOADS, *Commissioner.*

HON. SCOTT LEAVITT,
Chairman Committee on Indian Affairs,
House of Representatives.

Approved December 18, 1929.

RAY LYMAN WILBUR, *Secretary.*

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, December 11, 1929.

MY DEAR MR. LEAVITT: One of the difficult situations connected with our Indian activities on which I seek the aid of your committee has to do with the irrigation work. Conditions vary, of course, on the different reservations or projects, yet certain fundamental underlying principles are common to practically all of them, which only adds to the perplexity that exists. This is due in no small measure to the multiplicity of legislation relating to such matters. Necessarily we must deal with this feature of the problem; and as some of this legislation is of a general nature, applicable to all projects, and others of a special nature dealing only with particular reservations, this leaves a situation confusing not only from an administrative but from a legal standpoint as well. It has also given rise in some instances to complaint from the Indians themselves and also from white landowners under such projects purchasing lands from the Indians.

Briefly, it may be pointed out that during earlier times irrigation in a small way at least was started on a number of Indian reservations, where conditions were favorable, largely as an industrial aid to the Indians, and in some instances for the purpose of affording temporary employment to the Indians at a daily living wage. Available appropriations and even tribal Indian funds were used in such work, which under the legislation then prevailing were not reimbursable. In fact, no thought was had at that time of ever requiring reimbursement from the Indians of the funds so expended. Again, during those days no great degree of engineering skill was employed and many of the systems and structures originally installed were of a more or less temporary nature.

Subsequent legislation, however, particularly such as that found in the act of August 1, 1914 (38 Stat. L. 583), directing that all funds theretofore or thereafter expended in such work should be reimbursed, came as a distinct surprise to most of the Indians. In particular instances or on particular reservations, such as the Flathead and Fort Peck, Mont., and possibly others, the legislation dealing with such matters carried a positive declaration to the effect that the irrigable lands allotted to the Indians should have a right to so much water as might be necessary for irrigation purposes "without cost to the Indians." Naturally, under such conditions the Indians feel that the subsequent repudiation of such a declaration, even by legislation, does not come with very good grace on the part of the Government. In this connection it might also be pointed out that most of our Indian allottees within these irrigation projects hold trust patents declaring that at the expiration of the trust period the allottee or his heirs will then be given fee title, free from any lien, charge, or encumbrance of any nature whatsoever. The subsequent imposition of a lien, therefore, requiring repayment of irrigation charges may very properly raise some question about the validity of a lien so imposed. As to this your attention is invited to the case of *United States v. Heinrich* (12 Fed. (2d) 938). While this case dealt primarily with the liability of a white purchaser from the former Indian owner,

yet some of the observations indulged in by the court raise a serious question as to the validity of these subsequently imposed liens, be the landowner Indian or white.

Originally most of our Indian projects were purely Indian; that is, only Indians and Indian lands were involved. Gradually, due to death of the Indian allottees within such projects, the inherited lands were sold and a good deal of such land has now passed into white ownership, leaving, as we now find them, a good many so-called mixed projects, partly Indian and partly white, in so far as ownership of the land is concerned. Also, in practically all of such projects, particularly the older ones, we find the problem of white lessees of valuable irrigable lands and incidentally complaint from the State authorities in some instances as to the taxability or rather nontaxability by the State authorities of such holdings so occupied by white citizens and residents of the State.

Due to a number of causes, such as excessive floods, destruction of works originally installed and rebuilt in order to save the entire system from total loss, the per acre reimbursable cost on a number of these irrigation projects is now almost equal to or even greater than the value of the land itself; hence we now find ourselves practically in that unfavorable position of virtually holding a lien or mortgage against property in excess of the value of the property itself. As a result of an extensive field investigation made only a few years ago, it was even suggested that three of these Indian irrigation projects on which considerable sums have been expended should be abandoned entirely. In view of the large investment made by the Government in such projects and as the expenditures so made were primarily for the benefit of the Indians we have not felt warranted in recommending that these projects be abandoned without further trial or giving them opportunity for further development. In any event the matter is deemed of sufficient importance to justify direct action by Congress before any definite steps are taken looking to the abandonment of projects on which large sums appropriated by Congress have been expended.

It has also been suggested that the operation of Indian irrigation works might be transferred to the Bureau of Reclamation in the Interior Department, which has a force equipped to handle them under a general irrigation policy in cooperation with the Bureau of Indian Affairs.

These are but a few of the perplexities connected with this branch of our work, as to which I am impressed with the real need of constructive aid and doubtless remedial legislation, in the formulation of which the cooperation and assistance of your committee is earnestly solicited.

Very sincerely yours,

C. J. RHOADS, *Commissioner.*

Approved December 18, 1929.

RAY LYMAN WILBUR, *Secretary.*

HON. SCOTT LEAVITT,

*Chairman Committee on Indian Affairs,
House of Representatives.*

EXHIBIT C. THE AUTHORIZING BILL FOR TRIBAL COUNCILS WHICH THE BUREAU IS BLOCKING BY DELAY

A bill (S. 3668) authorizing the creation of Indian tribal councils, and for other purposes

Be it enacted, etc., That upon the filing with the Commissioner of Indian Affairs of a written petition signed by at least 25 per cent of the adult members of any Indian tribe residing on any reservation under the jurisdiction of the United States, the Commissioner of Indian Affairs shall call a general election of the adult members of such tribe to be held within 60 days from the date of the filing of such petition for the purpose of choosing a constitutional committee to draft a proposed constitution and by-laws for such tribe. Such committee shall consist of not less than nine members. Within 60 days after its election such committee shall call a general meeting of the adult members of the tribe for the purpose of considering and acting upon a proposed constitution and by-laws for such tribe, and each adult member of the tribe shall be notified of the time and place of such general meeting. A copy of the proposed constitution and by-laws, together with a notice of such meeting, shall be distributed to each adult member of the tribe at least two weeks prior to the time fixed for such general meeting. At such meeting the proposed constitution and by-laws may be adopted, amended, and rejected, in whole or in part, but subject to the exception contained in section 7, each such constitution shall provide for (1) the establishment of a tribal council of not less than members and the powers to be conferred on such council; (2) a direct election at least once each year of the members of the tribal council by the adult members of the tribe or of the districts to be represented by such council members; and (3) a referendum on any question of policy on the petition of at least 15 per cent of the adult members of the tribe, the action of the adult members of the tribe on such referendum to be conclusive and binding upon the tribal council. The amount of any expenses incurred by or on behalf of any tribe in carrying out the provisions of this section shall be paid out of any money in the Treasury not otherwise appropriated. There is hereby authorized to be appropriated such sum as may be necessary for such purposes.

Sec. 2. Such tribal councils shall be empowered to represent their several tribes before the Congress or the executive departments of the United States or in the courts. The expenses of any such tribal council shall be paid out of any tribal funds of its tribe, or out of any other moneys over which such council may have exclusive jurisdiction under section 6, but not more

than \$5,000 may be expended for such purposes in any year from the funds of any tribe.

Sec. 3. All authority vested in Indian tribes or tribal councils by existing law shall be vested exclusively in the tribal councils provided for by this act. Hereafter no tribal lands, or interest in lands, belonging to any Indian tribe, shall be sold, leased, encumbered, or in any manner disposed of, nor any permit granted therefor, nor any contract made for the use thereof, by the Secretary of the Interior, except by authority of the tribal council established pursuant to this act, or, in the absence of such tribal council, by authority of the general council speaking for such tribe.

Sec. 4. Said tribal councils are hereby authorized to employ legal counsel. Such employment shall not be subject to the approval or control of the Department of the Interior, but the choice of counsel and the fixing of fees paid to such counsel shall be subject to review by the Attorney General on application of any member of the tribe.

Sec. 5. The Secretary of the Interior shall submit to the tribal council for each tribe all estimates for expenditures from funds credited to said tribe in the United States Treasury, and any recommendations made by the tribal council with respect thereto shall be transmitted to the Bureau of the Budget and to the Congress concurrently with the submission of such estimates.

Sec. 6. All funds derived from the use or sale of any tribal lands or property, including trespass fees and rights of way, shall be deposited in the Treasury of the United States to the credit of the tribe owning such property and draw interest at the rate of 4 per cent per annum, and no such funds shall be deposited to the credit of the fund entitled "Indian moneys proceeds of labor."

Sec. 7. Funds appropriated from the Treasury of the United States for the payment of the expenses of the tribal council, or obtained through contributions by or assessments against the members of the tribe, shall be under the exclusive control of the tribal councils herein authorized.

Sec. 8. The Pueblo Tribes of the States of New Mexico and Arizona may retain their traditional and established tribal governments in accordance with their established customs, and all provisions of this act relating to powers and functions of the tribal councils shall, so far as consistent with such governments, apply equally to such governments.

Sec. 9. The Secretary of the Interior shall dismiss any employee or officer under his jurisdiction who shall, in any manner, either directly or indirectly, interfere with any tribe or any of its members in the free exercise of the powers conferred by this act.

Sec. 10. Any employee or officer of the United States who shall, in any manner, either directly or indirectly, interfere with any tribe or any of its members in the free exercise of the powers conferred by this act shall be guilty of a misdemeanor, and shall, on conviction thereof, be punished by a fine of not more than \$500 or by imprisonment for not more than six months, or both.

Sec. 11. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

EXHIBIT D. THE BILL FOR CLARIFIED ACCOUNTING WHICH THE BUREAU BLOCKED

A bill (S. 3417) to provide for a uniform system of accounts for Indian affairs, and for other purposes

Be it enacted, etc., That the General Accounting Office is authorized and directed, by regulations, to prescribe a uniform system of accounts for all matters pertaining to Indian affairs and to prescribe the manner in which such accounts shall be kept, and the forms of accounts, records, and memoranda to be kept by the Bureau of Indian Affairs and by all officers and employees of the United States concerned in any manner with the administration of Indian affairs. The uniform system of accounts so prescribed shall be designed to show, among other things, the amounts received from every source from time to time by the United States for the benefit of Indian tribes or individual Indians, all sums due from the United States to each Indian tribe and to each individual Indian, the amounts expended for the benefit of Indian tribes or individual Indians from tribal or individual funds, respectively, and from appropriations made by Congress, the purpose and amount of each such expenditure and the time it was made, and the per capita cost of expenses for the administration of Indian affairs in each Indian reservation, itemized in such detail as the General Accounting Office may deem necessary.

Sec. 2. It shall be the duty of the Bureau of Indian Affairs and all officers and employees of the United States concerned in any manner with the administration of Indian affairs to comply with the regulations of the General Accounting Office made pursuant to this act.

INDIANS IN DISTRESS—DESTRUCTION OF NAVAJO LIVESTOCK

EXHIBIT E. DISTRESS AMONG ALL INDIANS

[Remarks of Hon. LYNN J. FRAZIER, of North Dakota, in the Senate of the United States, March 3, 1932]

Mr. FRAZIER. Mr. President, yesterday the Committee on Indian Affairs of the House passed a resolution in regard to the condition of the Indians which I think sets out the present situation of the Indians and their condition in very plain and accurate language.

There have been a great many complaints from various reservations about the hardships of the Indians this winter. Out in the Southwest, especially, there have been great losses on account of

the severe weather and the deep snow, affecting especially the flocks of the Navajos.

I ask unanimous consent to have this resolution read by the clerk and referred to the Committee on Indian Affairs.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution will be read.

The Chief Clerk read as follows:

"Resolution concerning Indians in distress and the destruction of the Navajo livestock. Proposed by Representative PEAVEY, of Wisconsin, and unanimously adopted by the House Committee on Indian Affairs on March 2, 1932

"Whereas due to crop failures, unemployment, recent blizzards, and the exhaustion of Indian tribal funds there now exists a state of acute and growing distress, amounting in thousands of cases to gradual starvation, among Indians in at least 10 States, and not fewer than 125,000 in number; and

"Whereas the facts are known to the Interior Department and Bureau of Indian Affairs through numerous letters and telegrams from the superintendents, in the files of the Indian Office; and

"Whereas it has been the policy of the administrative branch to withhold distress relief from those Indian administratively classed as nonwards, although the majority of such Indians are in fact still living in tribal relations, are still interested in tribal property, funds, or claims, or still subsisting under treaty relations with the Government, these Indians thus denied Federal aid numbering not fewer than 50,000; and

"Whereas the American Red Cross is extending aid to these so-called nonward Indians in four States only (Montana, North and South Dakota, and Nebraska), and in the total amount of only \$50,000 between this date and July 1, while the so-called nonward Indians in all other States, including Oklahoma, Wisconsin, Nevada, and California are denied aid alike by the Red Cross and by the Federal Government; and

"Whereas for all the so-called ward Indians of the country the Bureau of Indian Affairs now has only \$95,000 for distress relief for the balance of the fiscal year 1932, and is requesting only \$135,000 in addition, or a total of \$230,000 for not fewer than 75,000 so-called ward Indians in distress; and

"Whereas the Indian tribes of the Southwest have already lost through starvation, following a series of blizzards, 200,000 or more of their sheep, and will lose during the month of March a greatly increased number unless feeding of the sheep can be provided at once, and the self-support of these tribes is dependent on their sheep; and

"Whereas the Department of Agriculture has under its control funds which could be made available for the feeding of sheep and livestock belonging to Indians and for the rehabilitation of Indian farmers, but is not in a position to take the initiative and must wait on initiative from the Secretary of the Interior: Therefore be it

"Resolved, First, that this committee declares its judgment that the denial of relief to the so-called nonward Indians in distress by the Federal Government is contrary to the body of statute laws affecting Indians, and contrary to the declarations of the Supreme Court as to Federal responsibility toward the Indians, and in addition does not properly follow from any ruling by the Comptroller General of the United States, and this committee strongly holds to the opinion that the United States is bound by legal as well as moral obligations to help these so-called nonward Indians numbering not fewer than 50,000. Such distress relief for so-called nonward Indians is provided in the bill H. R. 8498, pending before this committee, which bill proposes to make use of the local agencies of Government in the distribution of distress relief in line with the policy of the Secretary of the Interior as embodied in the pending bills H. R. 227 and S. 3110 now pending before this committee.

"Second, that it is the judgment of this committee that a total fund of \$230,000 for all so-called ward Indians in distress in the whole country from this date to the end of the fiscal year is a totally inadequate sum, being less than \$5 for each Indian in distress.

"Third, that it is the judgment of this committee that steps should be taken immediately to make available to the Navajo, Apache, and Zuni Indians, and to any other Indians similarly situated, the funds under the control of the Department of Agriculture available for stock feed, and that the Department of the Interior should take steps without further delay to enlist the fullest cooperation of the Department of Agriculture."

PRESENTATION OF TELEGRAMS BY SENATOR REED

Mr. REED. Mr. President, this morning, between the opening of my office and 10 o'clock, I received 305 telegrams dealing with the single subject of the tax on gasoline proposed in the new revenue bill. In addition to those 305 telegrams on that subject, a very large number, probably an equal number, on other questions involving that and other bills, were received.

One of the principal purposes of sending us here is that we may reflect the views of our constituents, and I make no complaint whatever of the telegrams, no matter how large the number may be; but I want, in this most public possible way, to explain that it is utterly impossible for the clerks

assigned to my office, who are now working long hours and overtime, together with the extra clerks I have taken on to help the regular ones, to make any acknowledgment of the mass of telegrams such as those which came in this morning.

I do not know whether my words will carry beyond this Chamber or not, but if they do, I want the senders of the messages to understand that the absence of acknowledgments implies no disrespect to them.

Mr. SMOOT. Mr. President, I want to say, in this connection, that I have not counted the communications I have received, so I can not state whether they number more or less than those which have come to the Senator from Pennsylvania or not, but I have received a very large number of such communications.

Mr. REED. I hope, for the Senator's sake, that there are more, but in case there are not, he is welcome to these I have here. [Laughter.]

STREET-RAILWAY MERGER

Mr. CAPPER. Mr. President, I ask leave to have printed in the RECORD an interesting and informative series of articles by Robert M. Buck, published in the Washington Daily News within the past few days, under the general title of "Managing a Merger." These articles review the history of street railway merger legislation in the District of Columbia. The question of consolidating the traction lines of Washington is one of the most important to come before the Senate Committee on the District of Columbia. A resolution on the subject is at present pending before the committee. The information presented by Mr. Buck in his articles has been so ably assembled that it should constitute a valuable reference to those interested in our local merger problem.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

MANAGING A MERGER

By Robert M. Buck

(A series of articles published in The Washington Daily News, beginning March 2, 1932, and reviewing efforts to consolidate transit facilities in the District of Columbia.)

I

The street railway merger bill, 1932 model, is in final phase of preparation. District committees of both Houses of Congress are preparing reports which will either approve or amend the pending draft. It would seem to be a favorable time to consider a little history.

Although the District's effort to consolidate the traction companies has now lasted more than 30 years, it is only within the last seven years that the car companies have sought action. Prior to that they merely said they wanted to merge. The Capital Traction was willing to do so if the Potomac Electric Power Co. were included. The Washington Railway & Electric Co., which owns Pepco, would not consent to its consolidation with the rail properties. Street-car operation was profitable. Merging made no progress.

EARNINGS FALL OFF

Autos began to compete sharply with car lines. Earnings of the latter fell away. The companies became more desirous to unite. Cheap taxicab service made still greater inroads on car revenues. Dividends were cut. Capital Traction stock went from 110 down to 20. Traction presidents to-day may be seen hurrying from one public official to another anxiously urging the merger.

Meantime, the North American Co. has acquired control of the Washington Railway & Electric Co. It desires to shed the no longer profitable Wreco car lines through a merger with Capital Traction, while retaining the highly profitable Potomac Electric Power Co., divorced from the car lines. And also to bind the combined traction systems by perpetual contract to buy their power exclusively from Pepco.

AN EFFORT TO PERSUADE

Need of Capital Traction has become so great that its officials no longer demand that the power company be included in the merger.

In 1924 Maj. W. E. R. Covell, Assistant Engineer Commissioner and executive officer of the Public Utilities Commission, devised a plan "to induce" the car companies to merge. The Public Utilities Commission approved it. The commission was to order unified operation by joint use of tracks if the companies would not merge and was to ask Congress to relieve them of \$300,000 annual expense for paving and crossing policemen if they would.

As part of this program, the commission, in 1925, suggested and Congress enacted the enabling act which set aside provisions of the La Follette antimerger act as applied to street-car companies.

During 1925 and 1926 the commission and companies exchanged correspondence as to what terms should characterize consolidation.

NORTH AMERICAN GETS CONTROL

The local activity synchronized with that of the North American Co. of New York, holding corporation controlling a gigantic utility combine allied, at certain points, with the Insull interests.

In 1925 McClellan & Junkersfeld, engineering subsidiary of North American, made a survey of the Washington transit problem at an expense of \$70,000. Later in the same year it was announced that North American had acquired a substantial interest in the Washington Railway & Electric Co., a small block of Capital Traction stock, and 97 per cent ownership of the Washington Rapid Transit Co., operating motor busses. Its interest in Washington Railway & Electric Co. was subsequently increased to control. It now holds 55 per cent of the voting stock.

CLAYTON'S CHALLENGE

Harley P. Wilson, who had transferred western power holdings to the North American Co., became a member of the board of directors of that company. Subsequently he was made a member of the board of directors of the Washington Railway & Electric Co. also.

William McK. Clayton, public-utility chairman of the Federation of Citizens' Associations, challenged the right of North American to own and operate the Washington Rapid Transit Co., calling it a violation of the La Follette antimerger law. So in 1927 the bus-company stock was transferred to Wilson by means of arrangements described in considerable detail in a recent report of the Federal Trade Commission on the holdings of the North American Co. Wilson has ever since emphatically maintained that he is the bona fide owner of the bus-company stock.

HARLEY WILSON ENTERTAINS

Wilson's Washington office in the Investment Building became traction-merger headquarters. He submitted a first and then a second unification plan to the Public Utilities Commission. He retained William Gibbs McAdoo as counsel. McAdoo drafted agreements, appeared before the Public Utilities Commission, and in company with Wilson was often seen on Capitol Hill interviewing Senators and Representatives.

Wilson entertained public officials and others frequently at his large Virginia estate. When, subsequently, the Federation of Citizens' Associations opposed his plan he began entertaining small parties of its delegates at luncheons in the Metropolitan Club.

SUTER AND YADEN

McAdoo hired Jesse C. Suter, former president of the federation, to compile historical data. Wilson gave James G. Yaden, the president of the federation, a place on the board of directors of the bus company. It was described as an ex-officio membership, but Yaden is still a director, although he has not been president of the federation for three and a half years. No one ever charged, and Yaden denied, that he had any financial interest in the Washington Rapid Transit Co.

Clayton, as chairman, and William A. Roberts, as vice chairman of the public-utilities committee of the federation, led a bitter fight in the public interest against the Wilson merger plan. A group of influential federation delegates made a determined effort to defeat the Clayton-Roberts program, and they succeeded to a considerable extent in undermining it, although the federation as a whole never failed to vote support to the two men. Roberts is now, as assistant corporation counsel, attorney for the Public Utilities Commission.

II. The Wilson programs

The North American Co., of New York, added the Washington Railway & Electric Co. to its nation-wide network of controlled utilities in 1922, in violation of the La Follette Antimerger Act. That fact was not brought to public attention, however, until 1925, after Congress had passed a merger enabling law setting aside the La Follette Act as applying to street railways.

In November, 1926, Vice President F. W. Doolittle, of the holding company, came to Washington to talk merger with the District Commissioners, who constituted the Public Utilities Commission also. The meeting was held in the office of Lieut. Col. J. Franklin Bell, then Engineer Commissioner.

The late Commissioner Cuno H. Rudolph was snorting with impatience as he emerged. He said to reporters:

RUDOLPH OPPOSED

"Service at cost! It means higher car fare. We don't want such a merger."

He said that Doolittle had proposed \$50,000,000 as an agreed valuation of the combined car lines. That was the approximate sum of their capitalizations and, although he quoted Doolittle as saying their value was greater, they would be lucky to earn 7 per cent on that. Fares should therefore be determined by a sliding scale based on "service at cost" and calculated to yield 7 per cent of a \$50,000,000 rate base.

"Service at cost" was the alluring description used by the corporation men. What they proposed was not, of course, service at cost. There would be no profit in service at cost.

WILSON A DIRECTOR

It was in 1926 also that Harley P. Wilson disposed of the Western Power Co., of which he was president, to the North American Co., and became a director in the latter. It was not until Janu-

ary, 1927, that he began work on the proposed Washington traction merger.

Therefore, it is unjust that the \$50,000,000 agreed valuation should have been so widely considered to be the central idea of the Wilson plan. The idea was not central and it was not Wilson's. Doolittle sprung it before Wilson.

Wilson did, however, have a plan. He revealed it October 31, 1927, in a letter to the Public Utilities Commission. Here it is in outline:

1. The car companies should merge under congressional charter.
2. The Potomac Electric Power Co., although owned by Wreco, should not be included, but there should be a power clause substantially as it appears in the pending merger act.
3. There should be an agreed valuation of \$50,000,000 on which the District government should guarantee 7 per cent return.
4. The District Commissioners (who by that time no longer constituted the Public Utilities Commission) should appoint three trustees, to be paid by the traction company out of operation, whose duty would be to adjust fares by a sliding scale to produce 7 per cent, regulate service, and direct the physical consolidation of the car properties.
5. Part of the \$585,000 in taxes paid annually by the car lines to the District should be set up in a special fund to amortize the valuation.

The guaranteed 7 per cent was to operate through a "rate-adjustment" fund launched with a \$1,000,000 "contribution" by the company (to be promptly added to the rate base valuation) to which profits in excess of 7 per cent would be added and from which the company would draw sums to make up deficits should profits fall below 7 per cent. If the fund were depleted, the municipality would advance the deficits in cash out of public funds.

GUARANTEED PROFITS

It is unnecessary to repeat the comments that greeted this plan. Proposed trustees to take over duties of the Public Utilities Commission, accumulation of taxes at \$500,000 a year to amortize a \$50,000,000 (and growing) valuation in something like 100 years, and payment of public money to guarantee street-car profits caused it to be speedily retired from serious consideration.

However, it yielded Presidents Ham and Hanna, of the local traction companies, something with which to disagree. Both later told congressional committees that the subsequent merger proposals were not Wilson's plan. They had dissented as to certain details, they said. The North American Co. had not dictated to them.

"WILSON MERGER"

Wilson, Ham, Hanna, and others went into a series of conferences out of which emerged Wilson's second proposal to the Public Utilities Commission, dated February 10, 1928. Although it lacked most of the distinguishing features of the first, and was the composite product of several corporation officials, it was this second draft which came to be known as "the Wilson merger."

It included the agreed \$50,000,000 valuation; official recognition, but no guarantee, of 7 per cent as "reasonable return on fair value"; the same power clause; guarantee of protected monopoly; and relief in the estimated sum of \$300,000 a year for the car lines from expense of paving and crossing policemen.

In return for these benefits the company was to give the public transfers between street cars wherever their tracks crossed, but not between cars and busses; and, of course, the improved service which might result from unified operation.

The merged traction company was to pay more than \$1,146,000 for the Washington Rapid Transit Co.; \$596,000 in cash, plus interest thereon, to Wilson for his stock; and \$550,000 by assumption of debts. William McK. Clayton, public-utility chairman of the Federation of Citizens' Associations, later told the Public Utilities Commission and committees of Congress that the bus company was worth not to exceed \$500,000.

III. Other merger projects

Harley P. Wilson's first, his own, merger plan was submitted to the Public Utilities Commission in October, 1927. Its proposals to use municipal funds for guaranty of profits and to circumvent Public Utilities Commission regulation by creation of a board of trustees plunged it at once into a storm of controversy.

This discussion produced a variety of merger proposals from various sources during November of that year.

HANSEL PLAN FIRST

First, there was one by Charles Hansel. His effort was surrounded by mystery which has not been dispelled to this day. By whom was he employed?

Hansel is a railroad-valuation engineer of picturesque personality. For many years he has been in charge of valuation work for the Eastern Conference of Railroad Presidents. He also for a long time was associated with the Mitten interests of Philadelphia.

WORKED SEVERAL MONTHS

For several months he had, with a large staff, conducted a technical study of the Washington transit problem. He said it cost \$65,000 of his personal funds. It ended with an elaborate report, the principal feature of which was a merger plan, the only one which included a complete rerouting scheme, eliminating duplicate tracks.

The Hansel report was addressed to Maj. Clayton E. Emig as chairman of the public-utilities committee of the Federation of

Citizens' Associations. Emig was not chairman, but was vice chairman of that committee. In the early summer of 1927 he had laid before the federation an "opportunity" to hire an eminent traction expert for \$1. He would not name the expert. He finally managed, despite the skepticism of William McK. Clayton, chairman of the committee, to induce the federation to become Hansel's client for a fee of \$1, which Hansel said was never paid.

ASKED FOR REIMBURSEMENT

After completion of the report Emig tried to get the federation to ask Congress to reimburse Hansel for its \$65,000 cost. The federation refused and would not even consider, much less approve, the report. Hansel withdrew it from the federation in a huff and presented it to Senator ARTHUR CAPPER, chairman of the Senate District Committee.

Hansel's only explanation of his expensive altruism was that he took a gambler's chance in an effort to perform a public service. He expected to get the money back from a gratefully enlightened people. It sounded unlike Hansel's otherwise obvious sophistication.

In public places the suspicion was voiced that Hansel was trying to "muscle" into the District transportation business for the Mitten system. Indeed, in the foreword to his report, Hansel says that he did not know the North American Co. was interested in merger until his investigation was nearly complete, although North American had bought Washington Railway & Electric stock five years before. Hansel is seldom so uninformed about things in his field of work.

STRATEGY SEEN

Some thought his activity was deep strategy in behalf of the North American Co. to keep the federation busy in another than Wilson's alley and to keep corporation welfare to the fore as a prime merger requisite, drawing a red herring across the trail. It may be said of all three attempted explanations that they are fanciful. But facts are sometimes fanciful.

The Hansel plan differed from Wilson's. It proposed:

1. A 50-year franchise, with protected monopoly for the merged company, which would immediately acquire all local transportation agencies, includes taxicabs and sight-seeing busses and interurban lines; driving out of business, by cutthroat competition, any which would not sell. Astonishing as it may seem, this was frankly recommended in the report.

SLIDING SCALE ASKED

2. A sliding scale of fares somewhat similar to the Pepco consent decree arrangement to provide a fixed rate of return on an agreed valuation, neither rate nor agreed value being named in the report.

3. Eventual equal tripartite ownership by the municipality, the managers, and labor, investors being bought out through excess earnings in this way: If earnings should exceed the agreed return on the agreed value, the first 2 per cent of that excess should be paid half to the District, one-fourth to labor, and one-fourth to management, to go into three funds to buy stock for these three groups. Bonds and other debts were to be retired out of the District's half of the 2 per cent.

PROPOSED TAX EXEMPTION

4. The company should receive as special privileges exemption from all except real-estate taxes, including charges for paving and crossing policemen and abolition of down-town parking.

5. The Potomac Electric Power Co., although owned by Wreco, was not to be included in the merger, but was to furnish the new car company with power at cost, so figured as to include a proportionate share of fixed charges, such as interest, insurance, taxes, and depreciation, not now contributed to Pepco by Wreco for power the latter takes.

6. One-man cars should be exclusively used. This was the biggest item in the \$2,500,000 to \$3,750,000 Hansel said could be saved annually in transit operation by merging.

IV. Some more plans

It must not be thought that all the definite merger proposals came from men allied with traction corporations. The idea that merger critics throughout these events have been "destructive" and not "constructive," would not be correct.

Many of those who opposed the North American Co. and Hansel ideas offered amendments in writing. Some suggested complete substitute projects. Two of these were launched in a public way, one being submitted to the Public Utilities Commission and the other to the Federation of Citizens' Associations.

In November, 1927, Byers M. Bachman submitted to the Public Utilities Commission a merger plan. He is chief accountant for the commission. The principal characteristics of his proposal were:

BACHMAN'S PLAN

1. Merge without first determining valuation or approved rate of return, excluding from the combination not only the power company but the Washington Rapid Transit Co. as well.

2. A power clause quite similar to Hansel's, and different from the one in the now pending merger, calling for sale of power by Pepco to the new company at actual cost plus reasonable return on actual investment, determined by the Public Utilities Commission.

3. The Boston sliding scale of fares, wholly dissimilar to that proposed by Wilson and Hansel. As the rate of fare increases, the rate of return allowed the corporation on its rate base decreases. It is designed to be an incentive to management to operate efficiently and economically so as to make more money with a low fare. Existing fares were not to be changed until a year after all

expensive realignment of tracks, except that school children were to receive reduced rates.

4. Traction system to be relieved of expense for paving and crossing policemen.

VALUATION CALLED HIGH

Bachman said as high a valuation as \$50,000,000 (specified in the Wilson plan) could not be sustained.

Still another merger proposal was offered in the same month. Its author was William A. Roberts, who succeeded Major Emig as vice chairman of the public-utilities committee of the Federation of Citizens' Associations after the friction over the Hansel report.

His plan was approved by the federation which, however, adopted the strategy of not pushing it forward so as not to detract from its opposition to the Wilson plan, which appeared to have an excellent change of enactment.

Roberts's scheme also embraced the Boston sliding scale, with a permitted normal rate of 6 per cent return on value. He, however, wanted the merger to start with an agreed rate base not specified by him but to be arrived at after taking into account physical values and past earnings, with revaluation every 10 years.

MONOPOLY PROJECTED

The new company would be given a monopoly of bus and street-car service except when it failed to agree to extensions within six months after they were ordered by the Public Utilities Commission. Roberts included free universal transfers.

Wilson's and Hansel's plans were more favorable to the traction interests and neither of them contemplated reduced car fares. Bachman's and Roberts's proposals favored the public. Neither of the two latter received even scant attention from the Public Utilities Commission or Congress.

V. Senator Blaine's fight

Five widely varying merger proposals, four all but forgotten, having been recalled, it is necessary to follow only the thorny path of the second Wilson plan. None other was seriously considered by those clothed with power to authorize unification.

For 10 days in March, 1928, the Public Utilities Commission held public hearings. William McK. Clayton and W. A. Roberts, chairman and vice chairman of the public-utilities committee of the Federation of Citizens' Associations, made valiant assaults on many of its principles.

In front they faced determined opposition by the corporations, John W. Childress and Harrison Brand, of the Public Utilities Commission; Ralph B. Fleharty, then people's counsel; the chamber of commerce, board of trade, and others. Behind, in the federation itself, occurred constant efforts to undermine them.

The commission ordered numerous verbal changes in the agreement, none of which improved it materially for the public. The companies accepted them and on April 13, 1928, the Public Utilities Commission approved the pact and forwarded it to Congress.

There Clayton and Roberts continued their uphill fight, aided as before by the Central Labor Union, People's Legislative Service, and a few other organizations and individuals. In the House District Committee Roberts was unmercifully heckled by Representative FRANK R. REID (Republican, from Illinois). The published verbatim records read like an encounter between villain and hero in a barnstorming show.

Clayton and Roberts opposed the \$50,000,000 valuation. They demanded revision of the power clause, transfers between street cars and busses, reduced fares for school children, a section safeguarding labor, and a Federal charter instead of District of Columbia incorporation. They also opposed payment of \$1,146,000 for the Washington Rapid Transit Co., which Clayton described as worth less than \$500,000.

PROTESTS DISREGARDED

The House committee disregarded protests and approved the bill with no other changes than to authorize reduced fares for children.

The Senate District Committee adopted a wholly different attitude. Senator JOHN R. BLAINE (Republican, Wisconsin) took up cudgels against the bill from the start. Dr. Milo R. Maltbie, a New York public-utility expert, was hired. He and the Bureau of Efficiency were asked to make separate studies. The bureau suggested certain accounting changes, but in the main approved the car companies' proposal.

Maltbie's attitude was more critical. He flayed the \$50,000,000 agreed valuation. It was his opposition which killed that feature. He emphatically condemned the power section, but compromised and left it in the bill, for which he is now being misquoted as its sponsor.

Public hearings followed. BLAINE now led the fight, flanked by Clayton, Roberts, and others. He was dissatisfied with what became known as the Wilson-Maltbie merger. Maltbie's major improvement was striking out the \$50,000,000 agreed rate base. BLAINE held that change to be relatively unimportant because the street-car business having slumped, "reasonable" return could not possibly be earned on so high a valuation. It was reduced to a moot question. The traction heads seemed to agree, for they promptly accepted the amendment.

BLAINE waded into the power clause and several other sections, but his best contribution was a proposed amendment to the public utility act governing valuation. It was to be attached as a rider to the merger bill in order to insure its enactment. The original public utility act in toto was a rider on the 1913 District appropriation bill.

BLAINE's amendment, if enacted, would have substituted the "prudent investment" for the "reproduction new" method of appraising all utility property in the District for rate making. It was defeated in committee. The Wilson-Maltbie bill was approved and reported out onto the Senate floor where BLAINE threatened to kill it by filibuster if his amendment were not accepted. It died without recourse to filibuster.

The same bill was reintroduced the following session. BLAINE reintroduced his valuation amendment and added others to correct the condition whereby District of Columbia courts, reviewing the findings of fact, can nullify the work of the Public Utilities Commission on rates and value. He fought so hard that his court amendments were attached to the bill, but the valuation amendment was not. Again Congress adjourned without action.

GLASS FOR COMPANIES

Personnel of the Public Utilities Commission changed. Maj. Gen. M. M. Patrick, its present chairman, came into power. He sent to the next Congress the same bill, this time containing Blaine's court amendments, but not the one about valuation, and one which would permit the new car company to buy power elsewhere than from the Potomac Electric Power Co. if it could save money thereby. Patrick also took out much of the financial detail, not changing the set-up, but shortening the bill.

That year unexpectedly a merger fight broke out on the House side. Representative Merlin Hull (Republican of Wisconsin) had been elected. He centered a slashing attack upon the power clause. He was defeated for reelection.

In the Senate committee the attack shifted. The car companies assailed the bill because it contained the Blaine court amendments which would have shaken the power of the utility corporations in the District.

Senator CARTER GLASS (Democrat of Virginia) led the fight for the companies. Chairman ARTHUR CAPPER (Republican of Kansas) favored the amendments. GLASS claimed that CAPPER would not call a committee meeting for fear the amendments would be stricken out. Over CAPPER's head GLASS polled the committee and himself reported the Wilson-Maltbie bill onto the Senate floor minus the Blaine amendments.

The bill was not called up for passage in the Senate that session. Hull had already killed it in the House.

That is how the merger stood until December 1, 1931, when General Patrick drew the Wilson-Maltbie bill from its pigeonhole and sent it to Congress again, this time without the improvements he had included before, namely, the Blaine court amendments and the one to prevent an unbreakable perpetual contract between the merged car company and Pepco.

Hearings have been concluded and the committees are preparing their reports. This year People's Counsel Keech bore the brunt of the fighting. He has laid particular stress on the power section and the water-tight transportation monopoly the bill would set up as introduced by Patrick and championed by the car companies.

VI. The same old merger

Brief analysis only is required to demonstrate that the merger bill submitted to Congress December 9, 1931, by Chairman Patrick, of the Public Utilities Commission, is the same, despite many changes in phraseology, as that forwarded with approval April 13, 1928, by the Childress-Brand Commission and known, somewhat erroneously, as the Wilson plan. It was then and is now designed to:

1. Join two rapidly declining traction systems and give their owners the resulting economies of operation, variously estimated at from \$600,000 to \$2,500,000 a year.
2. Present the new car company with \$300,000 a year by abolishing payments in that sum now annually made for paving and crossing policemen.

PROTECTED MONOPOLY

3. Write into law a protected monopoly for the new company.
4. Separate the valuable Potomac Electric Power Co. from the less prosperous traction system.
5. Permit the present owners of the Washington Rapid Transit Co. to unload that motor-bus concern on the new company at an exorbitant price.

In return for these benefits the public would get:

1. Such improved service as might follow unification, the only certainty, however, being fewer cars and miles of track.
2. Free transfers between street cars wherever their tracks intersect, but not necessarily between cars and busses.

MERGER DESIRABLE

Most critics of the project concede that it is desirable to let the companies merge, grant the new concern a preferential monopoly conditioned on obedience to Public Utilities Commission regulation, and relieve the car lines from paying crossing policemen, who direct auto traffic. The latter should be done without waiting for a merger.

Many are willing to have paid from the municipal treasury a substantial part of the paving expense now assessed against the traction companies. Some see no objection to letting the North American Co., of New York, owner of the Washington Railway & Electric Co., keep the rich Potomac Electric Power Co. out of the merger, although others think having a trolley system without a power house is like owning a cart and renting a horse.

Fundamental dissatisfaction with the merger plans is not based so much on their visible defects as the fact that the companies will get so much and give the public so little.

ASSURANCE LACKING

In none of the schemes considered has there been any assurance of reduced fare or improved service. The Bachmann and Roberts plans contemplated lower rates, but they were not considered.

On the contrary, all through the hearings the transit men have studiously avoided commitment as to either rates or service. The first draft sent to Congress proposed that fares remain unchanged for a year after unification, so certain was everyone that they would be elevated after merger, if not before. This moratorium on fare increase was raised to two years in the Senate. But fares went up anyway and the merger proponents tried to blame it on defeat of consolidation.

In the present draft, General Patrick left out even the meager protection of a period of status quo on the theory that it was now superfluous, although it is no secret that the car companies intend to have a straight 10-cent fare if they can obtain official sanction for it.

VALUATION ELIMINATED

The monopoly and power clauses; perpetual franchise and relief from responsibility to Congress through a Federal charter; permission to pay any legal or other expense of merger without limit or restriction—these are all in the present bill as they were in that of 1928.

One deletion was hailed as a public victory perhaps more than it deserved. It was the \$50,000,000 agreed valuation upon which the company was to be permitted to earn 7 per cent. The figures were stricken out. They never should have been included. But the substance of the provision is still in the bill.

This \$50,000,000 proposal had its source in an observation in 1926 by Vice President Doolittle, of the North American Co. He said the value of the merged properties would be \$65,000,000, but the new company would be lucky if it could earn 7 per cent on \$50,000,000, wherefore it would be idle to use an agreed rate base higher than that.

CAN NOT EARN 7 PER CENT

While there is now no agreed rate base, it is also apparent that the car lines can not earn 7 per cent on \$50,000,000. But it is evident that 7 per cent will be sanctioned on whatever sum it can be earned upon, from the fact that under General Patrick's chairmanship the Public Utilities Commission has named that percentage as "reasonable return on fair value" in the Pepco case.

The present bill lacks the Blaine amendment or any other provision authorizing the Public Utilities Commission to base valuation on "prudent investment" depreciated instead of undepreciated "reproduction new," as required by the courts under present conditions.

VII. The power clause

Of the millions of words spoken or written about merger in the last five years perhaps half have referred to valuation, but surely three-fourths of the other half have been directed to the power clause.

That is the section of the unification agreement which provides for an uninterrupted supply of power, since the combined transit system is to be left without an adequate power house by omission of the Potomac Electric Power Co. from the merger.

It is clear that there must be an unfailing source of available power. It is not admitted by everyone that it must be provided for in the merger agreement and act. In fact, examination of the power clause reveals that to be not the sole or even chief reason for its inclusion.

FIVE PROPOSALS

Using the exact language of paragraph 10 of the merger agreement, which is the power clause, but dividing it into its component proposals, the latter are seen to be five in number as follows:

1. "The new company shall take over all existing contracts of the Washington Railway & Electric Co. for the sale of power to other railway companies."
2. "The Washington company will cause the Potomac Electric Power Co., subject to the approval of the Public Utilities Commission, to enter into a power contract with the new company, which said power contract shall run for the life of whichever of the franchises of these two companies expires first."
3. "The contract may include a lease by the power company of the power properties which the new company shall have obtained as being appurtenant to the transit properties to be acquired by the new company."

15-YEAR CONTRACT

4. "Said power contract shall provide that the Potomac Electric Power Co. * * * will at all times on request furnish an adequate supply of electric power for * * * operation of the transit properties of the new company and for power furnished to said other transportation companies."

5. "Said power contract shall provide that for a period of 15 years the price to be paid by the new company for 63 per cent of the power used for * * * operation and * * * furnished to other transportation companies shall be determined in accordance with the terms and conditions of the present arrangements between the power company and the Washington company * * * The price to be paid for 37 per cent of the electric power used for * * * operation of the transit properties of the new company shall be fixed by the Public Utilities Commission."

EXCLUSIVE POWER RIGHT

It will be seen that the contract binds the new company to buy power exclusively from Pepco as long as both companies exist; that the same proportion of current now used by Wreco to operate street cars, plus that resold to outside interurban electric railroads, will be furnished for 15 years at the present price, which is below cost, but will probably be considerably above cost before the 15 years have expired; that a different and higher price, fixed by the P. U. C., will be charged for that percentage of the current now used by the Capital Traction Co.; that Pepco will lease the Capital Traction power house; and that the new company will succeed to the contracts for resale of current now held by Wreco.

Dr. Milo R. Maltbie and W. A. Roberts, in former years, criticized each of these five proposals severely. They said:

"There should be one price for all power fixed by the P. U. C. The new company should not be bound to take its power from Pepco if future conditions should develop whereby it could buy elsewhere for less money, for instance if a hydroelectric plant ever should be built at Great Falls. Pepco should not be permitted to lease and then junk the present Capital Traction power house, paying money for a plant not used which then would be kept in the valuation of the new company instead of being written off the books. That resale of power by Wreco should be discontinued and not transferred to the new company, but all sales of Pepco current should be by the company which produces it."

\$300,000 ANNUAL PROFIT

Wreco takes \$300,000 a year profit from the resale of current. This profit should be included in net income of Pepco, where it would operate to still further reduce rates for current supplied to all consumers.

People's Counsel Richmond B. Keech has this year made the same demands of Congress for amendment of the power clause. But confusion has been added to the situation because Roberts appears to have abandoned his former position.

This may or may not be so. When he opposed the merger bills before he was acting as a spokesman for the public and was voicing his convictions. Since that time he has been appointed attorney for the Public Utilities Commission and this year he acted as its spokesman. The commission stands sponsor for the merger bill, power clause and all. Some Senator should ask Roberts for his personal views as to all the provisions of the bill. In that way only can it be discovered whether he has changed his views or whether he is obeying instructions despite them.

VIII. Final conclusions

The merger bill submitted to Congress by the present Public Utilities Commission last December has already been amended in certain particulars in the Senate committee. Many more amendments have been urged.

Chairman Patrick, of the Public Utilities Commission, has agreed to changes which would prevent the merged company from going into the taxicab business, but the monopoly feature is still quite broad. Dr. Milo R. Maltbie, who studied merger for the Senate in 1928, objected to any monopoly clause in the merger pact. He said it was "most unusual," and added:

"There has been no demonstration, in my opinion, of any need for a contractual obligation to protect the new company against competition. Competition is a great stimulant. Public regulation is not a satisfactory substitute in all respects. The tendency of monopolies is toward stagnation.

"The public should preserve its power to authorize new forms of transportation. Police powers should not be bargained away and the courts are very reluctant to approve a contractual limitation of such powers, as numerous decisions in rate cases clearly indicate."

BLAINE AMENDMENTS

If the Blaine amendments were made part of the bill, appraisal of utilities after its enactment would necessarily much better protect the public. Car fares would be lower. These amendments would provide that only actual investment officially recognized as prudent would constitute the rate base upon which rates should be calculated to yield reasonable return. And they would repeal the present arbitrary power of local courts to reverse the Public Utilities Commission on findings of fact in valuation and rate cases.

Instead, there is a section on valuation which People's Counsel Keech says should be omitted. It sounds innocent. It says "any and all rights with regard to valuation and rate bases now possessed" by the car companies shall not be prejudiced and "shall be enjoyed by the new company until a valuation of the properties of the (new) company shall be fixed as now or hereafter provided by law." Keech says:

"Unfortunately this paragraph would give a rather legislative character to existing valuations which is highly undesirable, especially in view of the fact that certain questions as to rate bases are now pending in court."

FREE UNIVERSAL TRANSFERS

Keech also wants the section guaranteeing free universal transfers between car lines extended to include transfers from bus to car and vice versa.

The old merger provided permission for the new company to pay \$1,146,000 for the stock of the Washington Rapid Transit Co.,

owned by Harley P. Wilson, of the North American Co. The figure is now omitted, but there is a section permitting the new company to acquire the bus company stock "on such terms as may be accepted by the owners and may be approved by the Public Utilities Commission."

Wilson has said that he will not sell his stock for less than it cost him. This, he formerly testified, was \$550,000. Added to the cash price, would be assumption by the new company of the debts of the bus concern. William McK. Clayton says it is too much; that the bus company, debts and all, is not worth \$500,000.

BUS-LINE PROBLEM

Keech says if the merger bill is going into detail in this matter, it ought to provide that more than the fair value of the bus lines should not be paid. The bill leaves it open, too, as to whether the bus company should be merged into the new company. All critics of the measure agree that if the stock is bought, the bus company should be passed out of existence and merged.

Keech asks the Senate to drop the power clause altogether.

Paragraph 16 permits the new company to "defray any legal and other expenses of unification which may be necessarily incurred in connection therewith, provided that these expenses shall be treated in the accounts of the new company as ordered by the Public Utilities Commission."

This will permit any charge to be paid without approval as to its reasonableness. Harley P. Wilson says he will make no promotion charge, and his word is good in that matter without doubt. But there have been rumors of large fees to other persons contingent on the merger passing.

Proponents of the bill say that this does not matter, since under the proviso the Public Utilities Commission can keep the items from being charged to operation. Keech's reply is that the commission, in addition to keeping rates down, has the responsibility also to protect the sound financial condition of the utility corporations so far as lies within its power, and that permission to pay the expenses in question should be conditioned upon prior approval by the Public Utilities Commission, as well as subject to its orders in the subsequent bookkeeping.

PUBLIC SAFEGUARDS

The suggestion has been made that the merger bill should be a brief enabling act leaving jurisdiction as to all details with the Public Utilities Commission in a broad, general grant. This would center responsibility for protection of the public on the commission, giving it the necessary authority with which to work. There are three groups who object to this. Some say that the history of the Public Utilities Commission does not justify confidence that it would discharge its responsibility wisely and faithfully. Others say that the courts would intervene, as they have in the past, to protect the companies. These two groups want control left with Congress as far as possible.

The companies are said also to be against a simple bill (although Wilson has said he would not object) because they want benefits for themselves assured in the enabling legislation. Keech holds that if privileges for the companies in addition to that of merger itself are to be written into the law, balance should be maintained by also adding benefits and safeguards for the public.

ANNA MARIE SANFORD

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2822) for the relief of Anna Marie Sanford, widow of William Richard Sanford, deceased, which was to strike out all after the enacting clause and insert:

That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Anna Marie Sanford, widow of William Richard Sanford, deceased, former furnace man, navy yard, Washington, D. C., in the same manner and to the same extent as if said William Richard Sanford had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the approval of this act.

Mr. COPELAND. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

RECESS AS IN EXECUTIVE SESSION

Mr. McNARY. Mr. President, before moving a recess as in executive session I wish to announce that immediately upon reconvening to-morrow in executive session I hope to have the Senate take up for consideration the nominations for the Federal Farm Board. There will be considered no other nominations that are in any wise controversial, and no legislation. I now move that the Senate recess as in executive session until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock p. m.), as in executive session, took a recess until to-morrow, Saturday, March 12, 1932, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 11, 1932

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord God, Thy mercy has been our portion again. Whether as a cherished anticipation or as a glad, sweet surprise, it is upon us, and we thank Thee. Merciful Father, teach us again: Blessed are they who carry forward life's broken ministries; blessed are they who renew the light in some dark human tenement; blessed are they who hold on to their better selves in the face of temptation; blessed are they who take their places in the councils of a nation and seek to serve unselfishly and even sacrificially all the people. O God, bless our whole country and all its institutions that promote human welfare. O fill it with the biggest things ever attained, with the greatest things ever longed for; and with the highest hopes that ever throbbed in its great soul. Let it feel the mighty swell of the everlasting arms that never fail. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 375. An act amending the public building act approved March 4, 1931, authorizing acquisition of building sites and construction of public buildings at Hibbing, Minn., and other places;

H. R. 3703. An act granting compensation to Harriet M. MacDonald;

H. R. 6739. An act to amend the authorization contained in the act of Congress approved March 4, 1929, for the acquisition of site and construction of building in Jackson, Miss.; and

H. R. 7899. An act to authorize the Secretary of the Treasury to negotiate and to enter into an agreement regarding the south boundary of the post-office site at Plattsburg, N. Y.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 83. An act for the relief of Margaret Crotty;

S. 84. An act for the relief of Abraham Green;

S. 154. An act for the relief of Amy Harding;

S. 221. An act authorizing adjustment of the claim of the Wilmot Castle Co.;

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins;

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware for roadway purposes;

S. 284. An act for the relief of William B. Thompson;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 421. An act to provide for the air making of certain Government buildings;

S. 563. An act for the relief of George T. Johnson & Sons;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 811. An act for the relief of Sophia A. Beers;

S. 914. An act for the relief of Katherine R. Theberge;

S. 1274. An act for the relief of the Standard Dredging Co.;

S. 1590. An act granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes;

S. 2232. An act to amend section 126 of the Judicial Code, as amended;

S. 2405. An act to confer jurisdiction on the Court of Claims to hear and determine certain claims of the Eastern

or Emigrant and the Western or Old Settler Cherokee Indians against the United States, and for other purposes;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2703. An act for the relief of the State of Indiana;

S. 2754. An act to authorize the issuance of an unrestricted patent to Joseph F. Sheaman;

S. 2853. An act to provide for the commemoration of the Battle of Wagon Box, in the State of Wyoming;

S. 2854. An act to provide for the commemoration of the Battle of Dull Knife, in the State of Wyoming;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 2958. An act to amend the charter of the Firemen's Insurance Co. of Washington and Georgetown, in the District of Columbia;

S. 3011. An act to authorize the Attorney General to permit prisoners to attend the funeral of a deceased and bedside of a dying relative, and for other purposes;

S. 3085. An act relating to the tribal and individual affairs of the Osage Indians of Oklahoma;

S. 3086. An act relating to the construction of a Federal building at Ponca City, Okla.;

S. 3147. An act for the relief of Anna Pokorny;

S. 3173. An act authorizing the President to class as secret or confidential certain material, apparatus, or equipment for military or naval use;

S. 3270. An act for the relief of Daniel S. Schaffer Co. (Inc.);

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country;

S. 3438. An act authorizing adjustment of the claim of Lindley Nurseries (Inc.);

S. 3475. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming;

S. 3569. An act to amend the act of May 27, 1930, authorizing an appropriation for the reconstruction and improvement of a road on the Shoshone Indian Reservation, Wyo.;

S. 3602. An act authorizing the termination of a certain contract for the sale and purchase of the St. Johns Bluff Military Reservation, in Florida, and for other purposes;

S. 3655. An act to provide for the leasing of the segregated coal and asphalt deposits of the Choctaw and Chickasaw Indian Nations, in Oklahoma, and for an extension of time within which purchasers of such deposits may complete payments; and

S. 3771. An act for the relief of St. Paul's Episcopal Church, Selma, Ala.

RELIEF OF WATER USERS ON IRRIGATION PROJECTS

Mr. HALL of Mississippi. Mr. Speaker, I call up the bill (S. 3706) for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law.

The Clerk read the title of the bill.

Mr. HALL of Mississippi. Mr. Speaker, I ask unanimous consent that this bill may be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that the bill may be considered in the House as in Committee of the Whole. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understood from the Speaker's statement yesterday the House was to go into Committee of the Whole for the consideration of this bill under the general rules of the House.

The SPEAKER. The gentleman from Mississippi has made the request, and if anyone objects, of course, the House will go into the Committee of the Whole House on the state of the Union.

Mr. SNELL. That was the condition under which unanimous consent was given.

Mr. HUDDLESTON. Mr. Speaker, reserving the right to object, do I understand the gentleman from New York objects?

Mr. SNELL. I said that the condition upon which we agreed to meet was that the House was to go into Committee of the Whole, as the Speaker stated yesterday.

Mr. HUDDLESTON. Mr. Speaker, may I propound a parliamentary inquiry as to the status of this matter? Is this the bill that is the subject of a discharge motion?

The SPEAKER. No; this is not the same bill.

Mr. HALL of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3706.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3706, with Mr. KELLER in the chair.

The Clerk read the title of the bill.

Mr. HALL of Mississippi. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. HALL of Mississippi. Mr. Chairman, I ask unanimous consent that general debate on the bill be limited to 40 minutes.

Mr. STAFFORD. Mr. Chairman, that request is not in order in committee.

Mr. HALL of Mississippi. Mr. Chairman, this bill provides temporary relief for water users on reclamation projects.

Mr. STEWART. Do I understand, Mr. Chairman, an agreement has been made as to division of time?

Mr. STAFFORD. The gentleman from Mississippi is recognized for one hour under the rules of the House.

Mr. STEWART. Mr. Chairman, I suggest there is not a quorum present. I would like to know a little more about this bill; and may I ask how much money is involved in the bill?

Mr. THOMASON. Not a cent.

Mr. BLANTON and Mr. ARENTZ rose.

Mr. BLANTON. May I say to the gentleman from New Jersey that the gentleman from Mississippi will explain the bill.

Mr. STEWART. I withdraw the point of no quorum.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. HALL of Mississippi. I yield.

Mr. MARTIN of Massachusetts. Under the procedure by which we are taking up the bill, how is the opposition going to have time to express itself? As I understand, the gentleman is entitled to one hour and after that we may demand one hour. I wonder if we could not reach an agreement whereby the time may be divided.

Mr. BLANTON. Mr. Chairman, if the gentleman from Mississippi will permit, under the rules, when the gentleman gets through his hour, anyone opposed to the bill has the right to demand recognition and claim one hour.

Mr. MARTIN of Massachusetts. I understand that, but I thought we might have some understanding now so that the debate might go along continuously.

Mr. HALL of Mississippi. What does the gentleman suggest?

Mr. CRISP. Mr. Chairman, may I make a suggestion to my friend from Mississippi?

Mr. HALL of Mississippi. I yield.

Mr. CRISP. Of course, in the House, before going into Committee of the Whole, you can make agreements with respect to closing general debate. In the committee you can not, but this bill is being considered under an agreement, and, of course, it is open to general debate, and anyone recognized is entitled to one hour. But would not this be the practical way to meet the situation—for the gentleman to make his speech, which I apprehend will not be long, and then the Chair would recognize somebody on the other side, who would make his speech and this would end the general

debate, and you could take the bill up then under the 5-minute rule.

Mr. SNELL. I think the suggestion of the gentleman from Georgia is perfectly proper.

Mr. HALL of Mississippi. Mr. Chairman, I shall be brief in my statement. In stating this is a relief measure for the water users on the irrigation projects of the Government, we find there are many people in the western area of our country who are involved in the matter.

According to the Commissioner of Reclamation, Doctor Mead, in his testimony before the committee, it has been shown that on December 15, 1931, there were 40,354 irrigation farms on the 26 Federal reclamation projects, with a population of 165,956. There are located on these projects 213 cities and towns with a population of 472,723. There are 688 schools, 724 churches, and 120 banks, with deposits of \$134,261,170 and 226,014 depositors.

We find that these people for 1931 and for one-half of 1932 will not be able to pay the construction charges and the water-consumption charges.

This bill provides for a moratorium. That is, that they shall pay nothing in 1931, and 50 per cent in 1932. It provides for little change in the set-up under the reclamation act.

Mr. TILSON. It does not involve anything in the nature of a new project?

Mr. HALL of Mississippi. None whatever.

Mr. STAFFORD. Will the gentleman indicate to the committee whether there is any new policy as to deferring charges?

Mr. HALL of Mississippi. I can not answer that.

Mr. FITZPATRICK. Is it not a fact that this prevents the money going into the United States Treasury?

Mr. HALL of Mississippi. These people can not pay.

Mr. STAFFORD. Some of them can pay.

Mr. ARENTZ. Will the gentleman yield?

Mr. HALL of Mississippi. I yield.

Mr. ARENTZ. As a matter of fact the money would not go into the Federal Treasury. It goes into a reclamation fund which is used to apply to construction projects.

Mr. HALL of Mississippi. That is true. Now, Mr. Chairman, I desire to yield to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Mr. Chairman, I yield to the gentleman from Idaho [Mr. SMITH].

Mr. SMITH of Idaho. Mr. Chairman, for the information of Members of the House, and especially the new Members, I think I should take a few minutes to explain the irrigation policy of the Government. When the Government was formed one of its assets was these public lands which had been taken over. These lands were sold for cash until 1862, and anyone who wished could buy them. The money received was put into the Treasury. One hundred years ago \$28,000,000 had accumulated, which was returned to the States from which it had been received.

In 1862 an entirely different policy was inaugurated, and instead of the Government selling the public lands it gave them away to any citizen if he would establish a home thereon in order to build up the western country and create a market for the manufactured products of the older States. Under that policy the great western country has been developed, and we have now nearly 40,000,000 people living west of the Mississippi River engaged in cultivating the land that at one time the Federal Government owned and engaged in various activities. Industrial cities have been built up and communities established. Whenever we develop a new project a demand is created in the Eastern States for manufactured articles.

As the settlers pushed on into the Rocky Mountain States it was found that the farmers could not successfully cultivate the soil without water because of the aridity of the area, the rainfall being 6 to 10 inches a year, whereas in the humid sections it is from 40 to 50 inches annually.

Consequently Congress passed another law, providing that anyone who would go on desert lands and put water thereon could have the land for \$1.25 an acre.

That law was known as the desert land law, and under that law millions of acres of desert have been opened up, water placed upon it, and it has been made productive. Thirty years ago most of these projects that could be developed by the individual or by a small company of individuals were occupied and others were found to be too expensive for them to develop, and Congress passed what is known as the reclamation law in 1902. That law provided that if the people would go on these desert lands and put water on them, the Government would advance the money without interest to construct these great irrigation projects, which cost from one to ten million dollars, and in one instance \$18,000,000. We have under that law 26 irrigation projects in these arid-land States, upon which the people have established their homes, built towns and cities, and are contributing to the manufacturing centers for products which they have to purchase in the construction and maintenance of their homes.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. SNELL. Of these 26 irrigation projects, how many are paying their fixed charges to the Government at the present time?

Mr. TAYLOR of Colorado. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Oh, let the gentleman go on and make his explanation in an orderly way.

Mr. SNELL. Very well, I withdraw my question.

Mr. TAYLOR of Colorado. We have a table here showing that.

Mr. SMITH of Idaho. Mr. Chairman, it has been the policy of the Federal Government ever since its establishment to develop the outlying frontiers. We sent expeditions in the western country to open up the land over 100 years ago. We have appropriated millions of dollars to have a geological survey and a soil survey made, and we have spent millions of dollars in surveying public lands so that the prospective settler might know just where he could locate his home.

Reference has been made to the Carey Act. The Carey Act was passed about 40 years ago. I referred a moment ago to the desert land law which permitted the individual to take up the land and put water on it. The Carey Act was passed to take care of an aggregate of individuals who would contract to build the irrigation works, and the land was segregated and turned over to the State for development. The State superintended this development and contracted with individuals or companies to go upon these lands and build the reservoirs and canals and sell the water to settlers at a price agreed upon. When water was available the land was deeded to the settler by the governor for 50 cents an acre. Under the Carey Act we have in southern Idaho, of which Twin Falls is the center, a project of over 200,000 acres, on which I entered as a homesteader in 1904. The land cost me 50 cents per acre, and I paid to the construction company \$25 per acre for water. That is one of the most successful Carey Act projects, and one of the most economically administered; but those opportunities have long since gone, and now, in order to secure water to place on the public lands, it is necessary to build great reservoirs in the canyons to store the flood waters, because the regular stream flow has already been taken out and used on other projects. There have been constructed in these mountain passes and in the canyons many dams to hold back flood waters to be placed on these lands which are absolutely worthless without water for irrigation. We contend that when we have men enterprising enough and courageous enough to go into these waste places and endure the hardships of the desert to reclaim the lands and to build their homes and communities, which development is a benefit to the older sections of the country, we should be encouraged in our effort instead of being opposed and frustrated as we are frequently when legislation affecting irrigation comes upon this floor.

This bill under consideration is made necessary because of the low price of farm products. It is not necessary to

speaking of that here because every one, whether he lives in an agricultural section or not, knows that the farmers are not receiving sufficient returns for what they have to sell to pay their actual expenses. In our western country eggs are selling for from 5 to 12 cents per dozen, butter is selling for 20 cents per pound, potatoes for 40 or 50 cents a hundred pounds, and the price of all kinds of stock is 50 per cent less than in ordinary times.

In addition to the obligation that these entrymen undertake to repay the Government the cost of construction, they have to pay to have their lands leveled, in order to bring the water upon them; they have to pay the annual charge of operation and maintenance, which runs from two to three dollars an acre, which with the construction charge, makes it necessary for every entryman to pay from five to seven dollars per acre each year on his land in addition to the plowing, the buying of the seed, and the cultivation and irrigation of the land. And, further, we are handicapped not only because of that extra expense but also because we are far removed from markets. It costs 78 cents per 100 pounds to ship potatoes from Twin Falls, Idaho, to Chicago, and we are handicapped in that respect because of the exorbitant freight charges. It is true that on irrigated land we are always sure of a crop, and it is also true that we can produce more per acre than in the humid sections, but because of the extra expense of operation and maintenance charges and the frequent irrigation necessary and the further handicap by reason of our being so far from the market, we are not able to make any more than the ordinary farmer. We have passed legislation here for the relief of all classes of people. A few days ago in this House we passed a bill giving away 40,000,000 bushels of wheat, which the Government had bought, to those who need it for feed for livestock and for food for the unemployed in the country and cities and towns. It is an actual gift, with no interest charge, and yet there are those here who are opposing giving an extension of time on the construction charges for 1931 and one-half of 1932 to meet these payments.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. DYER. I do not think it is necessary for the gentleman to make the argument which he is making. I suggest that he explain what the bill does, and let us get to work upon it, because we have only an hour.

Mr. SMITH of Idaho. I shall be glad to do that. As I remarked, we have to pay each year a construction charge. The entire cost of the project is charged up to the settler, and he has to pay his proportionate share each year to reimburse the Government, averaging from two to five dollars per acre for construction charge.

Because of these low prices he was unable last year to meet these charges on the 31st of December last year and he owed these charges to the Federal Government which he could not pay. This bill provides that he will have an extension of time on last year's charges and also on six months of the charges this year.

Mr. Chairman, the pending bill does not involve any appropriation. The payments on reclamation projects have been quite satisfactory to the Reclamation Service up to the year 1930, but the extremely low prices of farm products for the past two years has caused the farmers to operate at heavy losses, both in 1930 and 1931.

It was developed by the testimony that the farmers in a great many instances were compelled to mortgage their crops, livestock, and machinery to secure moneys to produce the crop in 1930 and then to borrow additional moneys to produce the crop in 1931, and owing to the unusually low prices they were unable to repay those loans. At the present time many of the farmers have no money and are unable to borrow further through local agencies for the purpose of meeting their payments to the Government, and unless relief is granted many will be forced to abandon their farms and join the great army of unemployed. On account of bank failures on some projects many settlers have no credit facilities.

This relief legislation is in line with laws heretofore enacted to aid the farmers on other than reclamation and

drainage projects and will permit the water users in the arid regions to carry on their activities with the hope that prices next year will be sufficiently high to enable them to retrieve their losses. By reason of the fact that there is an excessive snowfall in the mountains of the West, there is every reason to believe that all of the projects will have an ample water supply for producing next year's crops.

In this connection it is well to refer briefly to what has been accomplished under the reclamation law. According to the Commissioner of Reclamation, Dr. Elwood Mead, in his testimony before the subcommittee of the House Committee on Appropriations December 15, 1931, there are 40,354 irrigated farms on the 26 Federal reclamation projects, with a population of 165,956. There are located on these projects 213 cities and towns with a population of 472,723. There are 688 schools, 724 churches, and 120 banks, with deposits of \$134,261,170 and 226,014 depositors.

Commissioner Mead, in his testimony before the Senate Committee on Irrigation and Reclamation, stated that they—

recognized that due to the low price of crops last year it had left agriculture depressed and discouraged, and that it was desirable that this be recognized and that some form of relief be extended.

The bill under consideration provides for the temporary relief of water users on reclamation projects which are constructed or are being constructed under the reclamation law.

Section 1 provides that the construction charges for 1931 which were due the 1st of last December shall be deferred until the end of the contract period and that 50 per cent of the construction charges for the current year shall be similarly deferred.

Section 2 provides that this deferment shall apply to individual water users who are not on projects where districts or water users' associations have assumed the joint obligation for payment.

Section 3 provides for an extension of time of one year for the beginning of construction of drainage on the Uncompahgre reclamation project, Colorado (Private No. 300, 71st Cong.), and also provides for the completion of the construction authorized by the act of Congress approved February 21, 1931 (Public No. 708), relating to the Grand Valley reclamation project, for one year.

Section 4 provides that the water-users' organization and the individual water users shall resume payment of charges in accordance with existing contracts at the end of the period for which deferment has been granted.

Section 5 authorizes the Secretary of the Interior, in his discretion, to permit the adjustment of construction and operation and maintenance charges heretofore deferred, on the basis authorized in sections 1 and 2 of this bill.

Section 6 authorizes the Secretary of the Interior to supply water for irrigation purposes to districts or individuals who are delinquent in their payment for the calendar year 1930 or years prior thereto.

Section 7 provides that any irrigation district or water-users' association which has contracted to pay construction charges and is not in arrears for more than one calendar year may authorize the delivery of water to any individual water user who may be delinquent in his payments to the district or association.

Section 8 provides that any profits accruing to the water users or district from the sale of power shall be deducted from the amount of any payment extended under the provisions of this bill, and that any such credits in excess of the construction charge shall be applied as now provided by law and contract.

Section 9 provides that any payments of construction charges for the year 1931 which have been made heretofore, shall be credited upon succeeding payments as they become due, including maintenance and operation charges.

Section 10 provides for the deferment of the repayment of the moneys advanced to the reclamation fund under the act of June 25, 1910, and the act of March 3, 1931, until July 1, 1935.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SMITH of Idaho. I yield.

Mr. FITZPATRICK. Will he pay interest on that?

Mr. SMITH of Idaho. As I remarked in the beginning, the policy of the Government was to furnish this money without interest, in order to encourage people to go there and develop these waste lands, and add to the wealth of the country.

Mr. FITZPATRICK. The reason I asked the question was because the gentleman spoke of people being relieved in the cities. Congress has not given any relief to the industrial workers of the East.

Mr. SMITH of Idaho. Oh, we gave away 40,000,000 bushels of wheat the other day.

Mr. FITZPATRICK. Incidentally there was an amendment to put in relief, but in the first program there was nothing in it, but the gentleman from New York [Mr. LA GUARDIA] offered an amendment which would help a little, and then we voted for it. But up to the present time there has not been any relief whatever. All the relief we hear about is for the farmers, and I think it is time for the industrial workers to be heard from.

Mr. SMITH of Idaho. The gentleman will find the Members of Congress who are interested in these reclamation projects are very sympathetic with any legislation for the relief of the poor in the cities.

Mr. FITZPATRICK. I am not opposed to this measure, but I believe in being fair.

Mr. SMITH of Idaho. I may say to the gentleman from New York that the paying of interest would not benefit the Federal Treasury. The interest would go into the reclamation fund, which is a revolving fund, and would give us that much more money to expend in reclamation.

Mr. LEAVITT. Will the gentleman yield?

Mr. SMITH of Idaho. I yield.

Mr. LEAVITT. Will the gentleman develop the fact at this point that the money advanced by the Federal Government is not from the General Treasury of the Government, not raised by taxes, no burden on the people of the country, but that it comes from the sale of public lands and the leasing of oil and mineral lands?

Mr. SMITH of Idaho. If I may answer the question of the gentleman from Montana, for the information of the House—

Mr. TABER. Will the gentleman yield right there?

Mr. SMITH of Idaho. I yield.

Mr. TABER. The money that is in the reclamation fund was originally put there out of the Public Treasury, was it not?

Mr. LEAVITT. No, no.

Mr. SMITH of Idaho. No; it was not.

Mr. TABER. How did it get there?

Mr. SMITH of Idaho. The first seven years after the law was enacted the money which went to the reclamation fund came exclusively from the sale of public lands.

Mr. TABER. Well, they belonged to the Government.

Mr. SMITH of Idaho. Then later we borrowed some money from the Federal Treasury and put it into this fund.

Mr. LEAVITT. To be paid back out of this fund?

Mr. SMITH of Idaho. To be paid back out of this fund.

Mr. TABER. But it has not yet been paid back.

Mr. SMITH of Idaho. Yes, it has; \$11,000,000 has been paid back.

Mr. TABER. Well, not all of it, however.

Mr. SMITH of Idaho. Well, it is not due yet. There has been received from the sale of public lands and from the proceeds of the oil leasing bill \$151,000,000, which has been put into these projects. There has been spent, from repayment from settlers who have been paying the annual charges, about \$42,000,000.

Mr. SIMMONS. Will the gentleman yield?

Mr. SMITH of Idaho. I yield.

Mr. SIMMONS. The issue, as I understand it, is this, that it is the reclamation policy of the Government to loan this money without interest. Here are a number of reclamation projects that have, in the main, been making their payments

to the reclamation fund. Due to a reduction in the commodity prices for the things they raise, they are not able to meet the payments for construction costs for the year 1931, and probably will not be able to meet them for this year. All this bill does is to set their payments to the Government forward a year and a half so that they will not have to pay construction costs for 1931 and only 50 per cent of their construction costs for 1932, Congress giving recognition to the fact that the commodity prices have been lowered to the point that they can not make their payments. Is that not this bill?

Mr. SMITH of Idaho. That is part of the bill, but I wish to say it is not only because of the reduced prices which the farmers are receiving, but because of water shortage. In the Rocky Mountain States we have only had 50 per cent precipitation for the last three years. The reservoirs did not fill, consequently we did not have water to mature the crops.

Mr. STEWART. Will the gentleman yield?

Mr. SMITH of Idaho. I yield.

Mr. STEWART. Can the gentleman not tell us in a few words what the amount involved will be?

Mr. SMITH of Idaho. Yes. As the gentleman from Nebraska [Mr. SIMMONS] has just said, we want authority from Congress to defer last year's water charges which were due on the 31st day of December, and six months during the current year. That is what we are asking for. That is the portion of the bill.

Mr. STEWART. How much does that amount to?

Mr. SMITH of Idaho. The return payments amount to about \$3,000,000 a year, which are not coming into the fund this year because the water users can not meet their payments, consequently the Reclamation Service must curtail its activities. The reclamation fund is suffering to that extent, and the plans to carry on development work must be slowed down to that extent.

Mr. STEWART. How much are you asking the Government to forego?

Mr. SMITH of Idaho. We are not asking the Government to forego anything. We are simply asking that the payment to the reclamation fund, which is a revolving fund, for 1931 and one-half of 1932 be deferred.

Mr. DYER. Be postponed; that is all.

Mr. SMITH of Idaho. Be postponed.

Mr. DYER. They are not losing anything.

Mr. SMITH of Idaho. They are not losing anything. If anybody is losing, it is the settlers on these projects or those anticipating going on the projects, because it takes that much out of the reclamation fund which would be available for expenditure this year.

Mr. EVANS of Montana. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. EVANS of Montana. In effect we are granting to these people a moratorium for a year and a half?

Mr. SMITH of Idaho. Yes. We are excusing them from these payments for a year and a half.

Mr. DYER. In the same way that we granted a moratorium to the people of Germany?

Mr. SMITH of Idaho. Yes; and to a great many other people.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. MARTIN of Massachusetts. I recognize there is a human appeal in regard to those who can not pay, but the evidence is that a great many can pay. That being so, why should not the Government make some arrangement whereby the men who can pay will have to pay?

Mr. SMITH of Idaho. I will say to the gentleman from Massachusetts that this is an emergency measure. Under the general laws if these people do not meet their payments they can not have water to put on their lands this year. They have their land plowed, the seed is planted, but it will not sprout unless water is placed on the land.

Mr. MARTIN of Massachusetts. I am perfectly willing to give them water, but I want the man who can pay to do so.

Mr. SMITH of Idaho. I was about to explain the reason why we could not adopt that plan. It would take weeks and

months to ascertain who can pay and who can not pay, and water must be made available immediately. We have provided in this bill that if any have made their payments they will be given credit on their operation and maintenance charges this year, so that it will not be necessary to take any time in estimating who can pay and who can not pay.

Mr. SIMMONS. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. SIMMONS. The answer to the question propounded by the gentleman from Massachusetts is simply this: The Government has no contract with the individual farmer, but the Government has a contract with the irrigation district representing all of the farmers. Therefore there is no legal way by which the Government can extend payments to the individual farmers, because it has no contract with them, but the Government does have a contract with the irrigation district.

Mr. MARTIN of Massachusetts. I believe that if a man can pay he should pay this money.

Mr. SIMMONS. If there was some way of providing that the man who can pay should pay I would favor it, but under the set-up as it now exists that can not be done.

Mr. MARTIN of Massachusetts. And I think interest should be paid on these deferred payments.

Mr. SIMMONS. I would favor interest for a year, but interest for more than that time would not be right.

Mr. TABER. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. TABER. Under this bill these payments are being postponed until the end of complete payment on the project, so that the reclamation fund and the Government will be without the use of the money during all of that time. So it ought to carry interest all the way through until this is over. I think that would be the only fair thing to do.

Mr. McFADDEN. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. McFADDEN. I was interested in the gentleman's statement with reference to the prices that were paid to these distressed western farmers on irrigation districts, and I would like to say they are in no different condition than the farmers of Pennsylvania. Pennsylvania farmers are getting from 8 to 12 cents per dozen for their eggs, 20 cents a pound for their butter, and less than 2 cents a quart for their milk. They are being foreclosed by the Federal farm-loan system, to whom they owe money, and at these sales their lands are selling for as low as \$4 an acre in some instances. I can not see any difference between the plight of the Pennsylvania farmers and the farmers on these western irrigation projects.

Mr. SMITH of Idaho. The difference is that in Pennsylvania the farmers do not have to pay any construction charges; they do not have to pay any operation and maintenance charges; and they are close to the best markets of the country.

Mr. McFADDEN. But they are in no better position with regard to markets than those farmers to whom the gentleman has referred, and they do not have to pay construction charges because the Lord furnishes the water for them. They suffer the same by the deflation of farm prices as do your farmers.

Mr. SMITH of Idaho. You are fortunate in living near the markets and in a country where you have sufficient rainfall.

Mr. McFADDEN. No; we are very unfortunate. I would like to have the Government step in and help our farmers the same as they do your farmers. They have an equal right to aid from their Government in their distress.

Mr. TAYLOR of Colorado. If the gentleman will yield, I would like to suggest to the gentleman from Idaho, with all kindness, that there are about 8 or 10 gentlemen on that side of the House who would like to say something, and I would like to have him give them an opportunity to do so.

Mr. SMITH of Idaho. I am perfectly willing to give up the floor, but requests have been made for a further explanation of the bill.

Mr. STAFFORD. Mr. Chairman, I ask recognition in opposition to the bill.

Mr. TABER. Before the gentleman leaves the floor will he yield to me?

Mr. SMITH of Idaho. Yes.

Mr. TABER. As I read the first section of the bill, it constitutes no moratorium but it constitutes a waiver of charges. Would the gentleman be willing to accept an amendment which would clarify that and make it clear that it was a deferment and not a waiver?

Mr. SMITH of Idaho. I would be willing to accept such an amendment but it would be redundancy, for in section 4, in two places, we state definitely and positively it is a deferment. However, I will accept the amendment, and I am sure the committee will accept such an amendment.

Mr. STAFFORD. Mr. Chairman, I wish to be recognized at the proper time in opposition to the bill.

Mr. LOVETTE. How much is involved in this moratorium; that is, how many dollars would it mean to the Treasury?

Mr. SMITH of Idaho. It would mean nothing to the Treasury. It would simply mean that the reclamation fund, which is a revolving fund, would not have the use of \$3,000,000 for development this year and \$1,500,000 for development next year.

Mr. SNELL. I would like to ask the gentleman one question. How many of these projects are still able to pay their assessments to the Government? I am informed there are several of them that can pay their assessments.

Mr. SMITH of Idaho. There are probably 10 or 15 per cent of them that are able to do that.

Mr. SNELL. Not more than 10 or 15 per cent?

Mr. SMITH of Idaho. I do not believe so.

Mr. SNELL. Is there any reason why that 15 per cent that are able should not continue to pay their construction and interest charges direct to the Government?

Mr. SMITH of Idaho. Only, as I have explained, this is an emergency matter, and in order to determine which projects could pay we would have to send agents onto these projects to make such an estimate of the financial status of the settlers, which would take months to accomplish.

Mr. SNELL. Could it not be taken for granted that those who have paid and are paying could continue to pay?

Mr. SMITH of Idaho. No; because of the low prices of farm products and the shortage of water last year, there are many who have been paying regularly that can not now pay.

Mr. SNELL. I have tried to get this information from the Interior Department, but could not get it on such short notice; but I have been informed there are several of these projects that have been paying, and they believe they are able to pay at the present time. If the gentleman would except from the provisions of the bill the ones that are able to pay and let them go on and pay their interest and other charges and only take care of those where this is absolutely impossible, I think it would be much more agreeable to us and to the people.

Mr. SMITH of Idaho. There is not time to do this. The gentleman from New York must realize that the land is plowed, the seed is in the ground, and they must have water within the next week or two to grow their crops.

Mr. SNELL. I grant that; but why should not the men who are able to pay continue to pay?

Mr. SMITH of Idaho. If we had time to investigate and ascertain those who could pay, the situation would be different.

Mr. ARENTZ. Will the gentleman from Idaho yield there?

Mr. SMITH of Idaho. Yes.

Mr. ARENTZ. The members of the Committee on Irrigation and Reclamation went to the Secretary of the Interior and asked for just such information as the gentleman from New York [Mr. SNELL] has requested, but he stated that these contracts are not with the individuals but are with the districts, and we have not the machinery set up so that we could get in touch with every individual on these projects, and, consequently, this bill instead of being one sentence long is five or six pages long, because every con-

tract that has been entered into is mentioned in the bill in order to reach the man who needs the relief.

Mr. SNELL. Let me ask the gentleman a question right there. Could they not make a contract with the individual district that that district should collect from the men who are able to pay?

Mr. ARENTZ. That is what I am in favor of.

Mr. SNELL. That is not provided in the bill.

Mr. ARENTZ. But the Secretary of the Interior has said he could not do that.

Mr. SNELL. Does the Secretary of the Interior approve of this bill? There is nothing in the report that shows he approves of it.

Mr. SMITH of Idaho. We have a letter from the Commissioner of Reclamation urging prompt action on the bill.

Mr. ARENTZ. The Secretary of the Interior presented the bill himself.

Mr. SNELL. Did he approve it?

Mr. ARENTZ. He is not going to say because he does not want any more of this, and I am in favor of the same thing. I am with the gentleman on this matter, but these settlers are strictly up against it now, I will say to the gentleman from New York, Mr. SNELL.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. MARTIN of Massachusetts. There is a difference of opinion as to what the cost will be to the individual farmer. Has the gentleman ever estimated how much this will mean to the individual farmer?

Mr. SMITH of Idaho. It depends on the number of acres he owns.

Mr. MARTIN of Massachusetts. What would be the average?

Mr. SMITH of Idaho. The average would probably be 100 acres and there would be from five to seven dollars an acre which he would have to pay, and he has not the money and can not get it.

Mr. MARTIN of Massachusetts. What would be the total cost he would be obliged to pay this year if he paid what he owed?

Mr. SMITH of Idaho. For the year 1931, which we want deferred, it is about \$3,000,000.

Mr. MARTIN of Massachusetts. Individually, what does it amount to?

Mr. SMITH of Idaho. That is the aggregate amount for 1931 and half that amount for 1932.

Mr. MARTIN of Massachusetts. What I am trying to get is what the interest would amount to at 4 per cent for any one farmer?

Mr. SMITH of Idaho. A man with 100 acres who is paying \$7 an acre a year would pay \$700, and 4 per cent for 1 year would be \$28.

Mr. MARTIN of Massachusetts. That would be the average?

Mr. SMITH of Idaho. Yes; and if he has not the money, he is absolutely helpless.

Mr. FRENCH. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. FRENCH. In connection with the extension of time, one factor, I think, has not been mentioned by my colleague, and that is that in view of the fact these settlers do not have patents to their lands, they are not eligible to go to the Federal land bank and borrow money. They are not eligible to go to loan companies, because loans will not be made where mortgages may not be given. In this way these people are in a class by themselves and unless some relief may be extended in this manner they will not be able to receive any relief that we are endeavoring to afford our people through the land banks and other agencies. I ask my colleague if the committee did not take these factors into consideration in shaping and reporting the bill?

Mr. SMITH of Idaho. Yes; it did.

Mr. SNELL. May I ask the gentleman a question?

Mr. FRENCH. My colleague has control of the time.

Mr. SNELL. Does the gentleman take the position that the people here that can pay should be given relief?

Mr. FRENCH. If a practical way could be worked out to accomplish what the gentleman has in mind, I should not object. The gentleman from Nebraska has outlined the practical difficulty in the way, the contracts being made with the districts themselves, and not with the individuals, of whom there are thousands.

Mr. SNELL. I understand that the Secretary of the Interior wanted exactly what I have suggested. He wanted the individuals on the various projects that could pay to continue paying, and I think he could make such arrangements with the districts. I know I could if I had such a matter in charge. This is the only objection I have to the proposition.

Mr. MAPES. Will the gentleman yield?

Mr. SMITH of Idaho. Yes.

Mr. MAPES. I would like to ask one of the gentlemen from Idaho this question. The gentleman from Idaho says that this is an emergency matter, and he also says that these construction charges were due the 1st of last December.

Mr. SMITH of Idaho. That is right.

Mr. MAPES. I would like to ask the gentleman what would happen if this legislation were not passed?

Mr. SMITH of Idaho. If the Secretary of the Interior enforces the law, he will not permit them to have water. The law is specific that if an entryman is one year in arrears he can not have water to raise his crops.

Mr. MAPES. Is the land taken away from them?

Mr. SMITH of Idaho. It would be, in time, if he does not raise crops to meet his payments, because the tax collector or the sheriff would be after him.

Mr. MAPES. What discretion has the Secretary of the Interior as to taking away the water?

Mr. SMITH of Idaho. The law is definite and specific that he can not furnish water if the entrymen are one year in arrears.

Mr. MAPES. Would the Secretary have the right to furnish water up to the 1st of December of this year?

Mr. SMITH of Idaho. No.

Mr. TAYLOR of Colorado. Mr. Chairman—

The CHAIRMAN. Does the gentleman from Idaho yield to the gentleman from Colorado?

Mr. SMITH of Idaho. Mr. Chairman, we have to yield the floor at 12 o'clock, and we want to get the bill passed before that time. So far as I am concerned, I am ready to submit the case now.

Mr. STAFFORD. Mr. Chairman, I ask recognition.

The CHAIRMAN. The gentleman from Wisconsin is recognized.

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I notice on page 2 of the report this language, and I quote:

It was developed by the testimony that the farmers in a great many instances were compelled to mortgage their crops, livestock, and machinery to secure moneys to produce the crop in 1930, and then to borrow additional moneys to produce the crop of 1931, and owing to the unusually low prices they were unable to repay those loans. At the present time many of the farmers have no money and are unable to borrow further through local agencies for the purpose of meeting their payments to the Government, and unless relief is granted many will be forced to abandon their farms and join the great army of unemployed. On account of bank failures, on some projects many settlers have no credit facilities.

I would like to ask some one here as to how these farmers expect to proceed, even if they are relieved, when they have no capital, no money with which to go out and purchase seed to produce crops? What they need is a railroad ticket to some of the good eastern land near the market you speak of.

Mr. SMITH of Idaho. They would be in the same predicament as the farmers of Pennsylvania.

Mr. McFADDEN. The farmers of Pennsylvania are not asking for Government aid. They would like to have it, but they can not get it. Pennsylvania and the other eastern industrial States furnish the most of the money for irrigation and roads in your irrigation States.

Mr. SMITH of Idaho. Your farmer constituents can borrow through the Federal Farm Board; ours can not, as the Government has a first lien on their land.

Mr. McFADDEN. Under the Reconstruction Finance Corporation the farmers of Pennsylvania can get no relief. It seems to me that what this bill provides is pure charity. If we are to pass legislation for charity, let us label it as it should be labeled and help all distressed farmers, including farmers in my district and in other districts in Pennsylvania.

The farmers of my State are embarrassed; they are unable to pay their taxes, the local authorities are going to foreclose on their land for nonpayment of taxes. They will be put out on the highways, and they are just as destitute as the farmers mentioned in this report. If you are going to appropriate money for one class of citizens as charity you should appropriate it for all.

Mr. SMITH of Idaho. We appropriated 40,000,000 bushels of wheat the other day for the people on the farm and the cities who need food.

Mr. McFADDEN. I venture to say that no farmer in Pennsylvania will be allotted any part of that wheat. I would like to say in addition that the farmers of Pennsylvania have no advantage over the western farmers in the sale of their products, because they are getting the same prices. The farmers of my section are being impeded today because of the fact that food in competition with their products is being shipped in from Canada. Those products being shipped in from Canada affect the dairy interests. Milk, cream, eggs, and hay are being shipped in in spite of the tariff that we passed a year ago.

I have said before, and I again repeat, that we should again increase the tariff on dairy products coming into this country. The dairy interests in my section of Pennsylvania can not continue much longer under such conditions. I know whereof I speak, as I am now operating a dairy farm, am a member of the Dairymen's League, and my own milk goes into the New York market and nets me less than 2 cents per quart.

If we are going to give relief to these western farmers, then I rise to say a word in regard to the desperate situation which confronts the farmers of the East. I can see no difference in this instance; the eastern farmer is in just as much need as is the western farmer. Take, for instance, the position of the Dairymen's League: In order to market our products properly the league has borrowed from the Federal Farm Loan Board several million dollars, and the league deducts from the monthly check due the farmers for milk a certain per cent, which will in time permit the league to repay the Farm Board loan.

Now, if your western irrigation farmers have to have a moratorium, why not the Dairymen's League have a moratorium? Why not give all farmers a moratorium?

In this time of overproduction and low prices I can see no sense in continuing Government aid to these irrigation projects.

I yield back the remainder of my time.

Mr. STAFFORD. Mr. Chairman, I yield three minutes to the gentleman from Maine [Mr. SNOW].

Mr. SNOW. Mr. Chairman, this bill, S. 3706, is very craftily worded. In my opinion, it is class legislation of the rankiest order. The gentleman from Pennsylvania [Mr. McFADDEN] has just described the condition of the farmers in his district, and I am sure the conditions which he has given of the farmers in his district apply equally as well to the farmers struggling along in many of our districts to-day. Instead of selecting one little group of irrigation farmers for Federal assistance, if we are going to be fair we should extend in some way financial assistance to every farmer everywhere, if and in case any legislation of this sort is to be passed in this Congress.

Up in the northern part of Maine the farmers are getting 40 cents a barrel for potatoes that cost them \$1.25 to raise. How are those men going to pay the interest on their mortgages? They will lose their farms, as others will. We have

no moral or legal right here to-day to pick out this little class, irrigation farmers, for assistance and at the same time leave the rest of the farmers in our own districts work out their own salvation.

Mr. SMITH of Idaho. Mr. Chairman, will the gentleman yield?

Mr. SNOW. No. The title of the bill is misleading. It reads:

An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law.

I call attention to section 3. In that section provision is made to extend the time for beginning construction upon a certain project.

Mr. SMITH of Idaho. Mr. Chairman—

Mr. SNOW. I decline to yield. The gentleman has had his say.

Mr. SMITH of Idaho. If the gentleman wants to make a statement not borne out by the facts, well and good.

Mr. SNOW. I decline to yield. If I am wrong, I can be corrected at the conclusion of my remarks but that is the way it reads in plain English. The Secretary of the Interior has not approved of this bill. The gentleman from Nevada [Mr. ARENTZ] stated a few moments ago that the Secretary of the Interior did not favor this bill, S. 3706, because he is opposed to any more of these projects. If Mr. ARENTZ is correct, what about section 3?

Mr. SMITH of Idaho. Will the gentleman let me explain?

Mr. SNOW. Not at this time. The gentleman from Idaho has talked here for half an hour and I have asked for only three minutes. This is one of the most inequitable bills which could possibly be passed at this time—unfair to the people in all other farming districts.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. SNOW. Yes.

Mr. UNDERHILL. If we had not started these projects of taking water off land and putting it onto land, the farmers of Maine and Pennsylvania and of the West might be getting a fair price on the goods they raise.

Mr. SNOW. The statement by the gentleman from Massachusetts [Mr. UNDERHILL] is absolutely correct.

In conclusion let me here and now warn every Member of this House that this bill, S. 3706, involving \$3,000,000, is but a pigmy compared to H. R. 4650, about to be sprung on us. This latter bill, having for its purpose the relief of drainage and irrigation districts, is a monster. These irrigation advocates have for the past dozen years been getting away with murder. They have now joined drives with the drainage bloc. This combination is decidedly powerful. It should be stopped in its tracks, and its proposed raid of \$391,000,000 on the Treasury prevented.

Mr. HALL of Mississippi. Mr. Chairman, I yield five minutes to the gentleman from Idaho [Mr. FRENCH].

Mr. FRENCH. Mr. Chairman, I shall take only a couple of minutes. The chairman of the committee, Mr. HALL, and the former chairman, Mr. SMITH, have given you the background supporting the proposed legislation. There is just one phase of the question to which I wish to direct the attention of the House at this time, and that is the relationship that the Federal Government occupies to these many settlers upon the lands. Gentlemen here have referred to the plight of owners of lands in various parts of the United States where mortgages are held. They talk of mortgages being foreclosed, and the hardship that ensues. We have that same situation in many parts of the State that, in part, I represent, and in other States of the West, and the only one who can extend relief is the mortgage holder, and the mortgage holders all over the West are extending relief to the home owners and I have no doubt that the holders of mortgages in Pennsylvania, in Maine, in Michigan, and in other States are doing the same thing. Mortgage holders everywhere will be the ones called upon to extend relief through extending time to borrowers and through granting other considerations under obligations due under mortgages. The Federal Government stands in the place of the mortgagor in relation to settlers upon reclamation projects. These settlers

can not borrow money from mortgage companies. These settlers can not go to the Federal land banks and borrow money, because another agency of the Government already has the preferred easement. This bill does not seek to wipe out construction payments, but to extend relief that any private business concern in the relationship of a mortgagor would extend to debtors who are not able to meet obligations that they owe to the mortgagor at a particular time. Keep that in mind as you think of the bill that is before you.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. TABER. These payments are required to be made, as I understand it, and after the payments are made the settler receives clear title to the land.

Mr. FRENCH. Ultimately.

Mr. TABER. Is he not able to anticipate those payments so that if his total indebtedness were less than the 50 per cent which the land bank can loan, he would anticipate his payments and get a clear title and make application to the farm-loan bank for a loan just as people could in other places?

Mr. FRENCH. If conditions were normal, a farmer under a reclamation project, if he had acquired the controlling equity in his farm, could probably borrow from a farm-loan bank enough money to wipe out all his indebtedness, but I venture to say there is not a farm-loan bank to-day that could or would be willing to make the loan. Keep in mind that these settlers up to the present time have paid 97.3 per cent of the construction charges standing against them. They are behind less than 3 per cent.

Mr. MICHENER. When the gentleman says that, he treats the construction projects as a group?

Mr. FRENCH. Yes. Some are down as low as 69 or 70 per cent. I think that would represent the worst cases. I am speaking of the average.

Mr. MICHENER. A number of these people can not pay now.

Mr. FRENCH. Yes.

Mr. MICHENER. And in an effort to help those who can not pay we are helping farmers who do not need help.

Mr. FRENCH. To some extent. I think the gentleman from Nebraska has already indicated the difficulty on account of the contracts being between the Government and reclamation districts, and not with individual settlers, and the need for prompt relief. The point that I have endeavored to emphasize is that the Government stands in the relation of mortgagor to these settlers, and in a general way we are asking that the Government do not foreclose, if I may apply that word to the cutting off of water, but rather give extension of time for payments in much the same way that banks and loan companies are extending to their debtors in every part of the United States.

Mr. HALL of Mississippi. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Chairman, I will not use all the time allotted to me, but I want to insert in the Record a letter from Doctor Mead, Commissioner of the Bureau of Reclamation, addressed to me on March 1. The letter is as follows:

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, March 1, 1932.

HON. EWING THOMASON,

House of Representatives.

MY DEAR MR. THOMASON: Reference is made to telephone conversation of to-day with Mr. Dent regarding water deliveries pending the consideration of moratorium bills by Congress.

Early action on these bills is of the utmost importance for the following reasons: It is imperative that instructions be issued to the various projects concerning the delivery of water during the current season. On some of the reclamation projects the irrigation season has already begun and on most of them water should be available within a short time. When the legislation is enacted it will be necessary to issue regulations under it for the guidance of employees and others in the administration of the law. Because of the many features involved, with possible uncertainties and complications, it seems highly desirable before these regulations are issued to have a conference of field officials at some central point in the West. Such a conference can not be safely called or held until the character and form of the relief legislation are definitely known.

This legislation also has a vital bearing on the construction program of the bureau because of its effect on the funds available for construction purposes.

I can not emphasize too strongly the desirability of securing action on the relief legislation at the earliest possible date. Until this legislation is disposed of our program can not be intelligently formulated.

Sincerely yours,

ELWOOD MEAD, *Commissioner.*

Let me disabuse the minds of a few of the Members that there is any appropriation about this, or that it costs the Government one penny. Call it a moratorium, if you wish, but after all it is nothing but a refinancing and extension of our obligations with the United States Government. It is a moratorium on construction charges only for the year 1931 and one-half of 1932, which payments are passed over to the tail end of the contracts.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. STRONG of Kansas. Can the gentleman tell us how much those payments that are now due amount to?

Mr. THOMASON. I think something over a million dollars, as shown by the records.

In that connection may I say as one of those representing the Rio Grande project, along with my friend, the gentleman from New Mexico [Mr. CHAVEZ], we have never defaulted in the payment of one penny to the Government. We have paid to the Government about \$2,700,000 on our project. We were never in default until this past year.

Mr. MICHENER. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MICHENER. The gentleman has one of those projects which, if there is anything worthy in this bill at all, it should apply to projects such as that, but included in the bill are projects, first, that do not need assistance; second, projects that never can pay out; and, third, projects asking to defer construction for a year.

Mr. THOMASON. I am sure the gentleman from Michigan can appreciate that I can not speak with authority about other projects. I do know my own. But it must not be forgotten when the gentleman from Pennsylvania [Mr. McFADDEN] contrasted the farmers of his district with the farmers of the irrigation districts, that the farmer in the irrigation district has all the charges and taxes his farmers have, plus a charge of \$90 per acre for dams, ditches, drainage, and so forth. That is the difference between his farmers and mine. The Lord blesses him with plenty of rain. Ours is a barren desert that will not produce anything without irrigation.

Mr. TABER. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. TABER. If he gets another farm that is just as good, he has to pay \$90 an acre and perhaps give a mortgage for two-thirds of it.

Mr. THOMASON. Under our contract with the Reclamation Service, we pay for our dam and the construction charges and the laterals and the drainage system, amounting to about \$14,000,000. I repeat, we have never defaulted in the payment of a cent. The Government has a first lien on this highly improved land. The security is ample, and it is reasonable to assume that the Government will never lose a cent and will be repaid all the money that it has ever advanced.

Now, we passed the Reconstruction Finance Corporation bill, by which the railroads can refinance their obligations, the banks and insurance companies can refinance and extend their debts. That is all this bill asks for.

We are entitled to that because of this fact: Our water is cut off right now in my district. I live 2,500 miles to the west of here in a warm, balmy climate where the seed is already in the ground. The planting season is at hand. Our farmers must know what they are going to do. They have no money to pay the charges at this time. Many of our banks have failed. No person or corporation will or can lend them any money. They can not rely upon enough rainfall to even grow weeds. There are 5,000 farmers living on the Rio Grande project. Many have nice homes and fine communities have been built up. They are not on

charity and want nothing given them. All they want is the water turned into the ditches, of which there is an abundant supply, and a reasonable postponement of their obligations. If this is not done you may expect another increase in the army of the unemployed.

[Here the gavel fell.]

The CHAIRMAN. The hour of 12 o'clock having arrived, the committee will rise, pursuant to the order agreed upon yesterday.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. KELLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (S. 2706) for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law, and had come to no resolution thereon.

ELECTION TO COMMITTEES

Mr. CRISP. Mr. Speaker, I offer a privileged resolution.

The SPEAKER. The gentleman from Georgia offers a privileged resolution which the Clerk will report.

Mr. PARKS. Mr. Speaker, before the resolution is read, may I submit a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. PARKS. When will this reclamation bill be before the House again?

The SPEAKER. At the earliest convenience.

Mr. PARKS. How much debate will there be on it?

The SPEAKER. That is to be determined by the committee itself.

Mr. PARKS. Then if the friends of the bill continue to debate, it will be that much longer before they have an opportunity to vote on it. Is that correct?

The SPEAKER. The Chair presumes that would be true.

The gentleman from Georgia offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 171

Resolved, That W. CARLTON MOBLEY, of Georgia, be, and he is hereby, elected a member of the following-named standing committees of the House of Representatives:

Pensions;

Election of President, Vice President, and Representatives in Congress;

Immigration and Naturalization; and

Patents; and

That EDWARD A. KELLY of Illinois, be, and he is hereby, elected a member of the following-named standing committee of the House of Representatives:

Immigration and Naturalization.

The resolution was agreed to.

PROHIBITION

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of voting to discharge the Judiciary Committee from the further consideration of House Joint Resolution 208.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLVERTON. Mr. Speaker, there has been no question since the Civil War that has so agitated the people of America as that of prohibition with its relationship to the eighteenth amendment.

Nor has there been any question concerning which there has been a greater or more pronounced difference of opinion and for the proper solution of which there is a more earnest and insistent demand.

Prohibition as a governmental policy has been operative for 12 years. During this time certain advantages and disadvantages have become apparent and recognized by all.

President Hoover has referred to prohibition, as provided for in the eighteenth amendment, as an experiment.

If the policy of Federal prohibition, as distinct from State control, is to be considered from the standpoint of an experiment, then there must necessarily be an appraisal of the results and a decision as to whether the experience gained by the experiment justifies a continuation, repeal, or modification.

How, in what manner, and by whom shall such decision be made? Under the Constitution of the United States there is no way by which this important question can be finally decided except by a reference to the States, and their opinion obtained either by legislative action or by State conventions.

The method provided by House Joint Resolution 208 submits the question to the several States in a form that requires action by State conventions. The membership of such conventions would be selected by the qualified voters of each State upon no issue other than that involved in the prohibition question. Thus every citizen would have the right and the opportunity to give expression to his individual views by voting for such membership in the conventions as would make effective his opinion on this important question.

This method is the only legal and constitutional way now available by which the will of the people can be ascertained.

The real, underlying issue, therefore, that is presented to the House of Representatives as it votes upon the question "Shall the committee be discharged from further consideration of House Joint Resolution 208?" is simply this: "Shall the people be given an opportunity to express their opinion as to what shall be our governmental policy on the question of prohibition?"

The right of the people to decide is a truly American principle of government. It recognizes the equality of every citizen and gives no one any greater right than another in formulating the policies of our Government. It gives strength and security to our structure of government because it is based on the "consent of the governed."

Therefore I am unwilling to permit any individual opinion of my own from precluding any other citizen with a different opinion from having the fullest opportunity to express his own convictions on this question.

I shall therefore vote in favor of discharging the committee from further consideration of the resolution, because I consider it to be the first step in permitting the people themselves to decide this great question; and if such motion shall prevail, I shall for the same reasons vote to submit the question to the several States for the action of their respective citizens.

UNITED STATES ROANOKE COLONY COMMISSION

Mr. POUL. Mr. Speaker, I present a privileged resolution from the Committee on Rules for printing under the rule.

The resolution is as follows:

House Resolution 172

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Concurrent Resolution 26, to establish a commission to be known as the United States Roanoke Colony Commission.

That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes—to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Library, the resolution shall be read for amendment under the 5-minute rule.

At the conclusion of the reading of the resolution for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution, and any amendments thereto to final passage without intervening motion, except one motion to recommit.

REVENUE BILL OF 1932

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. HAWLEY. Mr. Chairman, I yield 40 minutes to the gentleman from Massachusetts [Mr. TREADWAY]. [Applause.]

Mr. TREADWAY. Mr. Chairman, on the assembling of Congress in December, 1931, a serious financial condition confronted the country. A world-wide depression had made extensive inroads into our national finances. Our Treasury was being called upon to meet numerous deficiencies. Temporary financing was testing to the limit the confidence of the people in the security of the credit of this Government.

A few weeks previous to the assembling of Congress the President of the United States had called into consultation a group of Members of Congress in an effort to have them carry the word to the people that their confidence in their Government must not be shaken.

It is not my purpose to deal with the figures and statistics of the situation as it existed last December. All these have been and will be laid before the House in great detail.

It was apparent to everyone that either new forms of taxation or increased tax rates were inevitable. Hearings on the proposed legislation were commenced on January 13 and continued through to February 4. These hearings are available for Members of the House.

The hearings opened by the presentation of a statement by the Under Secretary of the Treasury. It is somewhat interesting to note how far afield the Ways and Means Committee has gone from the recommendations contained in that statement.

As part of my remarks I submit at this point a summary of the tax bill showing in one column the recommendations of the Treasury Department and in another column the action of the committee, and in a third column the difference between the two. It will be seen that several important departmental recommendations were rejected and practically every recommendation materially changed.

Mr. Chairman, I ask unanimous consent to insert as a part of the extension of my remarks the table to which I have just referred, prepared by the minority clerk of the Ways and Means Committee.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The table referred to follows:

Summary of the tax bill H. R. 10236, compared with the original Treasury estimates and recommendations

[Treasury Budget estimates, fiscal year 1933]

Receipts.....	\$2,375,000,000
Expenditures.....	4,113,000,000
Deficit.....	1,738,000,000
Less debt retirements.....	497,000,000
Additional revenue required.....	1,241,000,000

Items: Treasury proposals (corrected to February)	Estimated revenue (000,000 omitted)		Items: Committee action or proposal
	Treas- ury	Com- mittee	
Income taxes:			
Corporations, increased rate one-half per cent to 12½ per cent; eliminate \$3,000 exemption for corporations with net income of \$25,000 or less, retroactive to 1931 income.	\$52	\$21	Rate 13 per cent; allow \$2,000 exemption on corporations with net income of \$10,000 or less, effective on 1932 income.
Individuals, normal rates of 2, 4, and 6 per cent; surtax rates of 1924 act; personal exemptions, \$1,000 single, \$2,500 married man, respectively; earned income to remain at \$30,000, retroactive to 1931 incomes.	134	112	Normal rates same as Treasury; surtaxes higher than Treasury proposal; exemptions as proposed; earned income reduced to \$12,000; effective on 1932 incomes.
Estate tax: Rates of 1921 act (up to 25 per cent), increase to be imposed as surtax not subject to 80 per cent credit, effective Mar. 1, 1932.	5	25	Present rates doubled (up to 40 per cent), increase superimposed as recommended, effective on enactment of act.
Gift tax: No recommendation.....		10	Proposes gift tax with rates up to 30 per cent.
Administrative changes: No estimates.....		100	Changes in wording to prevent evasion; or, other limitations. Rejected.
Tobacco manufactures: Increase rates one-sixth.	58		
Conveyances of realty: 50 cents for each \$500 in excess of \$100.	10		Do.

Summary of the tax bill H. R. 10236—Continued

Items: Treasury proposals (corrected to February)	Estimated revenue (000,000 omitted)		Items: Committee action or proposal
	Treas- ury	Com- mittee	
Capital stock: Sales and transfers, 1 cent per share additional (3 cents total tax).	\$11	\$28	2 cents additional (total 4 cents); also 4 cents on loans of stocks for short sales.
Automobiles and accessories: 5 per cent on passenger cars; 3 per cent on trucks; 2½ per cent on accessories.	100		Rejected.
Admissions: 1 cent on each 10 cents or fraction, but 10-cent admissions exempt.	110	90	1 cent on each 10 cents or fraction, but 24-cent admission exempt.
Radio and phonograph: 5 per cent on, and accessories.	11		Rejected.
Telephone and telegraph, etc., messages: 14 to 50 cents each, 5 cents; over 50 cents, 10 cents.	50	35	31 to 49 cents, 5 cents; 50 cents and over, 10 cents.
Checks and drafts: Stamp tax of 2 cents on each.	95		Rejected.
Postal: Increase postage rates to yield.	150	25	Changes proposed by Post Office Committee will save.
Manufacturers' excise tax: No recommendation.		595	2½ per cent on sales by manufacturers, producers, and importers.
Lubricating oil: No recommendation.		25	4 cents per gallon.
Crude, fuel, and gas oil, and gasoline, imported: No recommendation.		5	1 cent per gallon.
Malt sirup, wort, and grape concentrates: No recommendation.		50	35 cents per gallon on malt sirup; 5 cents per gallon on wort; and 40 per cent ad valorem on concentrates.
Total.....	786	1,121	
Reduction in expenditures.....	125	125	
Amount required to balance Budget.....	911	1,246	
Get.....	1,241	1,241	
Excess or deficit of estimates.....	-330	5	

Mr. TREADWAY. It is therefore apparent that the bill before you is not a department bill nor an administration bill, but, as Acting Chairman CRISP has so well said, a Government bill prepared with the best advice obtainable from all official and private sources, coupled with the judgment of the 25 members of the committee. To-day, bearing the approval of the Secretary of the Treasury, it affords a means of solving the problem which confronts us.

Let me now trace very briefly the way in which the conclusions set forth in this bill were arrived at. As is natural, the easiest part was considered first. No one questioned the necessity of raising the surtax brackets of the income tax. Very little consideration was necessary for the lowering of the exemptions of the normal tax. The same applied to the increase of rates. These changes are found in part 1 of the bill before you.

The rates on the normal tax of individuals are changed from 1½ per cent to 2 per cent on the first \$4,000 net income, from 3 to 4 per cent on the next four thousand, and from 5 to 6 per cent on the remainder. It is estimated that this change in the normal tax will increase the revenue of the Government \$34,000,000.

The changes in surtax rates appear in section 12. The bill shows the present rates, which have been stricken out, followed by the new recommendations. It will be noted that the changes start in the first bracket.

For instance, the present law provides that on incomes from \$10,000 to \$14,000 there shall be a surtax of 1 per cent, whereas the suggested change separates that amount at \$12,000, where the rate becomes 2 per cent.

It is unnecessary to describe in detail the increases as they appear throughout this section, as complete details are printed in the committee report and yesterday were inserted in the RECORD by the gentleman from Oregon [Mr. HAWLEY]. The increase in surtax will bring in \$78,000,000.

I desire, however, to lay stress upon the higher brackets of the surtax. Under existing law net incomes in excess of \$100,000 pay 20 per cent. Under the proposed law net incomes in excess of \$100,000 will pay 40 per cent. In other

words, we recommend doubling the highest income-tax bracket.

The remark is continually made, "Let the rich pay." As a slogan this may be all right, but as a practical business proposition I am convinced that at 40 per cent we have reached the maximum amount that we can expect people of great wealth to pay to the support of the Government.

Referring again to the \$112,000,000 increase in income taxes, it is authoritatively stated that at least \$65,000,000 of the \$78,000,000 of surtax will be paid by 260,000 taxpayers out of a total of 3,600,000 taxpayers under the new law. Therefore 7½ per cent of the total taxpayers will pay 60 per cent of the income tax.

Further, under existing law, earned income credit operates to reduce the normal and surtax charges. Under the proposed law it does not operate to reduce the surtaxes.

This seems to me to be most excellent evidence that we are carrying out the slang admonition, "Soak the rich."

In addition to the 40 per cent, it must be borne in mind that a normal tax is also paid on these incomes. In other words, payment of a surtax does not exempt one from the normal tax.

The reason I say that 40 per cent is as much as we can expect to secure from these larger incomes is the constitutional provision by which these incomes may escape taxation through investment in municipal and State securities. The House is aware that under a decision of the United States Supreme Court the Government can not tax securities of this class. Therefore, before we can go to excessive rates which taxpayers feel would be confiscatory, a constitutional amendment must be adopted to counteract the decision I have mentioned. Such action has been advocated for years, and to my mind is the most important proposal for a constitutional amendment that has been suggested.

A brief reference should be made to the increased estate tax and to the gift tax. It is estimated that the estate tax will produce \$25,000,000 to the Government and the gift tax \$10,000,000. Under existing law 80 per cent of the estate tax is returned to the States, so that the Federal Government receives a comparatively small portion. Under this bill the additional amount will all accrue to the Government. The committee was convinced that in order to have the estate tax operative a gift tax should be added. Many illustrations can be given where gifts during the lives of the donors appear to have been made in order to avoid the payment of an estate tax. In other words, the gift tax and the estate tax are closely allied to make the estate tax operative.

I now desire to pass to the consideration of the reasons why the committee saw fit to adopt the so-called manufacturers' excise tax, which is the title as it appears in the bill.

The various suggestions of methods of securing revenue placed before the Ways and Means Committee by the Treasury Department were taken up in detail through public hearings. In every instance the witnesses who appeared representing the affected industries were strongly opposed to the imposition of the tax upon their particular business, but were perfectly willing to share their tax burden if it were made a general one. I venture to say that there were not 3 men out of the 25 members of the Ways and Means Committee, when the executive sessions of the committee commenced, who were favorable to a sales tax. The subject has been before the Ways and Means Committee in previous years and did not receive more than passing attention. Perhaps one great objection was what seemed unavoidable, namely, a pyramiding tax. We have not adopted what is generally known as a sales tax. We are recommending in this bill a manufacturers' tax.

Mr. Chairman, there is a very marked distinction between the ordinary conception of what has been commonly known as the sales tax and the recommendation in this bill of a manufacturers' tax.

Let me briefly call attention to the work that preceded the final agreement among the members of the committee to adopt the manufacturers' tax. Among the various special taxes suggested by the department were increases on

tobacco, automobiles and accessories, radios and phonographs, and checks and drafts. The acting chairman, Mr. CRISP, also suggested and strongly advocated a tax on electrical energy. Every one of these taxes was so strongly objected to that the committee found itself in a dilemma. We must either antagonize all those industries or find some other means of meeting the situation.

That was the position we found ourselves in at the beginning of our executive sessions—either we must increase tremendously the rates recommended on these special excise taxes or we must adopt other kinds of excise taxes, which, of course, would bring upon us the opposition of the groups directly affected by those additional taxes.

A further objection to these special excise taxes was the fact that after we had considered the limit of taxation we found ourselves millions of dollars short of the needed amount of revenue. Therefore other forms of special taxes and further antagonism of other industries would be thrust upon us or the abandonment of the entire program. If Members of the House will bear this fact definitely in mind throughout the consideration of the bill, I am sure they will join heartily in the committee's recommendation of the manufacturers' tax. We were faced with the choice of two evils, of which we feel we chose the lesser.

I am confident that in agreeing, as we did, almost unanimously upon the manufacturers' excise tax we chose the lesser of the evils with which we were confronted in our very disagreeable task.

Every effort has been made toward two ends—first, as few exemptions as possible, and, second, the elimination of pyramiding.

The exemptions as written into the bill speak for themselves.

Bear this in mind, my friends: In spite of the laborious task the Ways and Means Committee had to perform, in spite of the most careful estimates our experts and the Treasury Department could make, the report will show that we have in these estimates only \$5,000,000 of leeway. That is running mighty close to the definite and positive amount needed to balance the Budget. Therefore, the moment you start adding to the exemptions as printed in the bill you are running the chance of getting below the estimate for balancing the Budget, or you have the alternative of offering in exchange for such items as you feel ought to be exempted and which, perhaps, the House may agree with you in exempting, other means of taxation that will meet with the approval of your colleagues. Do not foolishly reduce the aggregate of this estimate which the Ways and Means Committee offered you in its report. Bear that in mind. Many Members know where they want to see exemptions brought in, but you are running into the danger—and I will refer to that in a moment—that has confronted the Canadian system ever since it was first introduced. There are more exemptions, many more pages of exemptions in the Canadian law than there are of the law itself. That is a situation which is not healthy. The merit of a manufacturers' tax lies in its universal scope and the minute you start adding to the exemptions other than as they appear in our report and our suggested bill you are getting into difficulties and into hot water. So please, my associates, bear that in mind. When the time comes to read this bill under the 5-minute rule, if you try to increase the exemptions as they appear in the bill, offer something constructive to take their place.

I have the utmost sympathy with several suggestions of exemptions. One of them has to do with canned fruits and vegetables. It is so easy to see how the farmer ought not to be taxed on the tomatoes that go into that can. It is true that if he is a small farmer he has an exemption of \$20,000 to start with, but as you picture that farmer—and such farmers exist in my district as well as in yours—you say that exempting him is a mighty simple thing; it is going to cost the Government but mighty little in revenue if we should leave out this small farmer friend of mine. But look at the picture in the aggregate and the aggregate of exemptions of canned products of this country. What will

it deduct from our estimate if you exempt canned products? My friends, it will mean a reduction, according to the estimate of the Treasury given me this morning, of \$10,000,000. Picture the whole thing rather than the local situation as it affects you or your constituents.

One word about pyramiding. Under the licensing system carried in the bill pyramiding is avoided. The lead-pencil illustration is an excellent one. Let me repeat it.

And by the way, this illustration was first made by the gentleman from Canada, who was of such great assistance to us, and, later, by our distinguished acting chairman, Mr. CRISP.

This is a very simple lead pencil [indicating]. You regard that as just one article. But let us analyze it. Here is your lead, which has to be mined, shaped, and framed. Here is your wood, the timber for which has been cut in the forest. The wood surrounds the lead, which is another process. On this end is the rubber. It is very easy to conceive how far this rubber has traveled and how many processes it has gone through before it is put in the lead pencil. Here is a piece of metal holding the rubber onto the pencil. The pencil is painted, and then there is some kind of inscription put on it, and sometimes it carries advertising. Come up to my district in the fall and there will be a big supply of them there.

You have this in mind, Mr. Chairman, as just a lead pencil, but in analyzing it, as I have done for you, you will see there are six or eight processes. Any one of these processes could be taxed, but in this manufacturers' tax the only tax laid against that article is when the man who finally turns out a finished lead pencil sells it to the wholesaler. That man pays the tax and it is the only tax in all the processes of making this lead pencil.

This shows you what a manufacturers' tax actually is. In the last transaction between the manufacturer and the wholesaler there will be laid this tax, but in the various courses of procedure wherein it is finally shaped into a lead pencil the system of licensing that appears in the bill does away with the taxes.

We think we have solved the problem of pyramiding, and, perhaps, we have. Of course, experience is always better than theory. We may find there is some loophole here or something that we have not anticipated, but by and large it is safe for you to say that this bill does away with the worst feature of the sales tax as ordinarily conceived and one of the strongest arguments that has ever been raised against it in criticism. It does away with pyramiding. If we have not done this, we would like to know where we have missed it, and I am sure the majority, responsible for the bill, will be only too glad to make the correction.

Mr. MAPES. Would it interrupt the gentleman if I asked a question?

Mr. TREADWAY. No; I shall be pleased to yield.

Mr. MAPES. Take the lead-pencil illustration, suppose in the process of manufacture the rubber goes into something besides the lead pencil. I do not understand how the Government can make sure of collecting the tax if it is not taxed before it gets into the lead pencil.

Mr. TREADWAY. Of course, that is a technical detail that will have to be worked out through regulations, and there is some phraseology in the bill caring for it. These various licensees will be obliged, of course, to show where the article they are exempting from tax will eventually go.

Mr. MAPES. The licensing system will take care of that, in some way.

Mr. TREADWAY. Yes; that is the intention of the licensing system.

Mr. HOWARD. Will the gentleman yield?

Mr. TREADWAY. I will yield to my friend. I believe this is the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. The gentleman guessed it the first time.

Mr. TREADWAY. The first time, because I had understood there was some confusion as to the gentleman's identification of me a few days since.

Mr. STAFFORD. There is a striking resemblance. [Laughter.]

Mr. HOWARD. Will the gentleman from "Missouri" yield?

Mr. TREADWAY. I do not know. The gentleman will have to ask the gentleman from Missouri. The gentleman from Massachusetts will yield, very briefly.

Mr. HOWARD. Only a moment ago the gentleman stated that the Democratic majority in this House is responsible for this bill. Will the gentleman kindly say whether or not the President of the United States is opposed to this bill?

Mr. TREADWAY. The gentleman from Nebraska has exactly the same opportunity of availing himself of the open door at the Executive offices that the gentleman from Massachusetts has, and since this bill has been under consideration, a period of several months, I confess I have not had the honor of a conversation of any kind or communication of any kind with the Chief Executive of the United States.

Mr. HOWARD. But the gentleman from Massachusetts should understand there is this difference. When the gentleman from Nebraska goes to see the President, the best he gets is a stony stare, whereas the President, I am told, talks freely with the gentleman from Massachusetts.

Mr. TREADWAY. We will be very pleased to discuss the merits of this bill. I think I have answered the gentleman's question, that I have not the slightest idea what the President of the United States thinks about the bill; but I will say that the President of the United States months ago urged an effort on the part of Congress to restore confidence among the American people in American institutions, and the first requisite of that is a restoration of financial confidence.

This bill, supplemented by other legislation which has been passed by Congress, and some which is pending in Congress, will, in our opinion, go a long way toward the restoration, and therefore we naturally would draw the conclusion that the President of the United States, being a most patriotic citizen, will thoroughly and heartily cooperate with Congress in passing this revenue bill.

Mr. HOWARD. That is entirely satisfactory. [Laughter.]

Mr. TREADWAY. And I might add, in all seriousness, as I said at the beginning of my remarks, that this bill in no way represents the original attitude of the Treasury Department. However, at the last executive session of the committee, after we had unanimously voted to report it out, the Secretary of the Treasury—and I think I am not divulging any secret, because it appeared next day in the press—the Secretary of the Treasury, in the presence of the committee, stated that the Treasury would absolutely stand back of this bill and urge its final passage in another branch. It can be assumed, I suppose, that the remarks of the Secretary reflected the viewpoint of his chief, but of this I have no actual knowledge.

Mr. HOWARD. I am getting the best possible evidence, and it is entirely satisfactory.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. LANKFORD of Virginia. The farmer ships his products in crates. Some farmers buy the entire crate, and some manufacture it from the raw material.

Mr. TREADWAY. Those are questions which will arise. I only spoke of generalities, but I think I can answer the gentleman to this extent: The farmer is exempt in his produce. The container in which he ships it to market is a manufactured process, and he may buy it already manufactured or he may assemble it, if it comes, as they say, "knocked down." But if the farmer tacks it together, it would be my judgment that the crate is taxable. But that would come under the regulations of the department. I will ask the gentleman from Georgia if that is not correct?

Mr. CRISP. I think if the farmer bought the lumber, he would pay the manufacturer's tax on the wholesale price of same; but I do not think if he only assembled it there would be any tax to the farmer as a manufacturer.

Mr. KNUTSON. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. KNUTSON. I would like to ask the gentleman if goods now on the free list, similar to goods manufactured in this country, would come under this provision?

Mr. TREADWAY. This has nothing to do with the free list. Imported articles will all be taxed. Everything will have a 2½ per cent tax that comes through the customhouse. Everything manufactured outside of the United States will pay this 2½ per cent.

Mr. CRISP. If the gentleman will yield, I would like to correct the gentleman's statement in part. All imported articles coming in, and requiring no further manufacture, would pay the sales tax. But if an imported article is brought in by an importer who had a license for further manufacturing it does not pay a tax.

Mr. TREADWAY. I should have made that a part of my statement, because of the importers' licensing system.

Mr. KNUTSON. In view of the statement of the gentleman from Georgia, I want to ask a further question. In case of print paper and pulp, how would that be affected?

Mr. TREADWAY. Let me say to the gentleman that there is legislation pending on that subject, and I think until it comes up before the Committee on Ways and Means we had better not discuss it.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. COLE of Iowa. I would like a slight explanation as to how this tax on canned goods will affect the grower of the vegetables and fruits that go into the cans.

Mr. TREADWAY. I am of the impression that it would have no effect upon the grower except possibly to add slightly to the actual cost of production, and therefore possibly lessen a little bit his market, because the contents of a can grown by your farmer or mine are tax exempt. It is the can and the processing that follows that make it taxable. In other words, if the farmer sells his product to a factory for processing, labeling, and all that sort of thing, getting ready for the market, his sale is not taxed. It is the later sale of the canned goods that is taxed.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HARE. Do I understand that a manufactured imported article will be required to pay the 2½ per cent in addition to the existing tariff?

Mr. TREADWAY. Oh, yes. This has nothing to do with the tariff. This is an excise tax entirely distinct from the tariff.

As I have very little time remaining, may I request that I be not again interrupted and that I be permitted to complete my remarks?

In the course of all our hearings we received practically no suggestions for sources of taxation. It is rather amusing that the one exception to this statement came from an actress, a very attractive woman, who appeared against theater-admission taxes, but favored taxes on such expensive furs as she herself wore and on cosmetics and beauty parlors, which she admitted she patronized.

This is a fair example of the extent of the assistance rendered the committee in the way of constructive advice.

From the time the committee agreed that the manufacturers' tax should be included in the bill its merits have become more and more apparent. The committee has been extremely fortunate in having had splendid advice both from well-known tax experts in this country and a representative of the Canadian Government, whose services were officially secured through the Treasury Department. This gentleman unhesitatingly informed the committee that the bill as drafted would produce the results we wanted with the least possible friction among the people, and that it contained practically none of the defects but all of the merits of the Canadian law.

It is not my purpose to go into the details. The acting chairman of the committee, Judge CRISP, and the ranking minority member, Mr. HAWLEY, have covered the subject fully. It is also made a prominent part of the committee's report, which our chairman has told you has been prepared

under his supervision by those who are familiar with the proposed legislation, both in respect to the manufacturers' tax and in the other details of the bill.

I want personally to call your attention to one item in the manufacturers' tax title, namely, the imposition of 1 cent per gallon on imported oil. In the committee I voted against the inclusion of this item. I propose now to vote for it. In doing so I realize I am acting contrary to the wishes of a great many people in the section of the country from which I hail. New England and the Atlantic coast are consumers of imported oil, and it is likely this tax will add somewhat to their fuel bill. Every tax adds to some one's bill. I must, however, remind my friends that this is not a sectional or partisan bill but a Government bill. Your committee had the most disagreeable task any group of Congressmen were ever called upon to undertake. Possibly the wrath of the voters will come back to plague us. If it does, each one of us can feel that we should fall together, because this measure is the only general tax bill since the war which has been unanimously reported out of committee.

Let me remind my New England friends that our section has, ever since the first tariff bill was written, asked for protection to our industries. Let me remind them, too, that many sections of the country feel that our neck of the woods has received more favorable consideration than it merited. Even in the last tariff act New England made certain appeals to Congress for her industries which were heeded. I do not need to enumerate them at this time. My colleagues should bear these facts in mind before they seek to deny to other sections of the country what we of the East have asked of Congress from time immemorial.

For several years past a wide area of this country in the States of Kansas, Oklahoma, and Texas has been clamoring at the doors of Congress for the protection of its local industry, namely, the production of oil. Its appeal has gone unheeded. To-day, through the instrumentality of a tax, the people of that section think that to a certain extent they are accomplishing their purpose. I for one propose to help them with my vote. I do this for at least two reasons. First, protection to their industry, call it tariff or tax. They consider this measure as a means of protecting their industry exactly as we in the East have asked and received protection for our industries. Second, it is a contributing item in the big measure before us, one factor in the effort which is being made to balance the Budget and maintain the credit of the United States Treasury.

Most fantastic statements have been made relative to the cost of this item upon the taxpayers of the Atlantic coast. It has also been stated that it would not produce revenue. The lowest estimate we have had of the revenue it would produce is \$5,000,000, which of itself is well worth while when every possible effort is being made to secure the aggregate amount needed for Budget balancing.

The exaggerated statements of additional cost to the eastern coast, running as high as \$100,000,000, are ridiculous and can not be borne out by any authoritative evidence that can be submitted to this House. Assuming, however, that the entire additional tax of 42 cents per barrel is added to our fuel bill, this is not out of proportion to the additional possibilities of sale of our industrial products to the section of the country which is asking for this help. If that section of the country can come into our market with its fuel oil, payment can be made in our products and we ourselves would be the direct beneficiaries in the employment of labor for our home industries.

When it had practically been decided by the committee to include the manufacturers' tax as a part of this bill one of the most statesmanlike speeches was made on this floor that I have heard in my nearly 20 years of service here. I was so impressed with it that I sent to the papers of my district copies of the CONGRESSIONAL RECORD of that date and suggested to the papers that the speech be printed verbatim. I might add that every one of these papers is Republican in politics, and I have here an excerpt from one of them containing the matter I sent. Let me read you a few lines from the remarks made by Acting Chairman CRISP on February 11:

Now I, for one, have burned every bridge behind me. No matter what the personal political consequences may be to me, I am going to advocate the levying of sufficient taxes to balance the Budget. [Applause.] I know that in doing that I will be rendering my country a distinct public service. It means nothing to the United States whether I remain in Congress or not, but it means much to the United States Government that its honor, its credit, and its security be maintained at par. [Applause.]

Now, my friends, I want you and the country to gird yourselves with stamina, with backbone, and with courage to meet this emergency. All must make tremendous sacrifices. The Budget must be balanced. To do it additional taxes must be levied.

Gentlemen, I am receiving just as many telegrams and just as many letters protesting taxes as any one of you. I am writing my constituents that I regret the necessity of levying additional taxes, but that the need of all the people of the United States demands a balanced Budget and that I, myself, am going to vote for sufficient taxes to accomplish that purpose.

Mr. Chairman, I shall plagiarize a statement in the speech of the gentleman from Georgia by saying that whether you or I or even he remain in Congress is not of the slightest consequence. The question before us is to face the music and deal rightly by this country in the emergency which we are facing to-day. That is the test that we should apply, and then I am sure that an intelligent electorate will do their part in appreciation of our services to our country. [Applause.]

The sentiments that our acting chairman expressed were made under the pressure of the moment, and I am quite confident were extemporaneous. I complimented him at the time for this patriotic statement; I compliment him again on this floor to-day. The opinions he expresses are my opinions; I only wish I could express them as well as he did. But I do want to plagiarize from him to the extent of the idea he desired to convey.

Let me say this: We are sometimes scoffed at as being politicians; personally, I have always been proud to be so designated, but to-day we, as politicians, must show our true colors and real interest in the welfare of our country. This is no time for partisanship, it is no time for personal gain. It is time when we must meet a crisis irrespective of any personal, political, local, or sectional feeling. That crisis faces us in this House at the present time. If any Member thinks a vote on this bill, or any portion of it, is likely to do him political injury, he can show his patriotism by rising above his local self-interest or his own political life and supporting the Government in its time of need.

Acting Chairman CRISP rightly said that the retention of membership on the part of an individual in this House is nothing. Members of Congress will come and go, but selfishness or self-interest is not statesmanship. If the voters of my district see fit to punish me at the next election for supporting this bill, I can at least retire with a clear conscience and knowledge that I have done my duty even though it might be at the cost of political preferment.

I am, however, proud to say that the constituency I represent has always impressed me with the fact that it desired sincerity of purpose and honesty of conviction. It has always been my purpose to be outspoken and sincere in meeting an issue when it arrives. I have not crossed bridges before I came to them, but I do step firmly on one when I reach it. That is my attitude on this bill to-day.

One serious protest which I have received from my own District regarding items in this bill has been from those opposing the 10 per cent tax on admissions of 25 cents and over. I did not approve this low starting point, but abided by the will of the committee. I have endeavored to explain to my constituents who have written and wired me my viewpoint about this matter. I have sent to a friend conducting a theater where the highest admission charge is 50 cents a letter reading as follows:

I am in receipt of your telegram and many others from moving-picture people in my district protesting against the proposed tax on theater admissions of 25 cents and over.

I appreciate fully the objections you raise against this tax levy. On the other hand, you and other friends realize the very awkward position in which a Member of Congress, especially a member of the Ways and Means Committee, is placed in connection with additional taxes. The one aim of all Government officials, from the President down, is to balance the National Budget in 1933. We have studied every known means of securing a billion and a quarter dollars of additional revenue and have finally pre-

pared a bill which, in the opinion of those who have had a hand in its preparation, will cause as little hardship as possible to the people.

You will recall that the Treasury Department suggested that the tax be placed on admissions starting at 10 cents. The committee decided to make 25-cent admissions the starting point. Personally, I favored a higher range, but every step meant millions of dollars less for the Treasury.

We feel confident that when patriotic citizens like yourself and the patrons of your theater fully realize the tremendous difficulties under which Congress is laboring and the great need of securing the necessary revenue for the conduct of the Federal Government, they will willingly contribute this amount which is small so far as individual items are concerned but which in the aggregate will represent a very large amount for the Federal Treasury.

Possibly we may have omitted some forms of commercial taxation as, for instance, a tax on the privilege of listening to radio broadcasts. The actual justification of an admission tax is that it is in a certain sense a tax on amusement. I appeal to that vast army of Americans known as movie fans to consider this tax as a contribution to their pleasure in that it represents a portion of their effort to aid the Government in getting out of debt. The patriotic American is bound to derive satisfaction in the knowledge that by 1933 the Government is not going to continue in the red.

I have the utmost sympathy with those favoring higher exemptions than 24 cents on admission taxes, but let me call to your attention estimates of the Treasury Department. Its recommendation was to tax admissions from 10 cents up, which would bring a revenue of \$110,000,000. At 24 cents we would get \$90,000,000. At 25 cents, between seventy and eighty millions. At 35 cents, we would get fifty millions; and at 50 cents, the return would be \$33,000,000.

Emphasis should be placed on the fact that the manufacturers' tax is an emergency measure. The date of its expiration is definitely fixed as of June 30, 1934. Adopt this bill, restore confidence, bring about a revival of normal business conditions, and that date will see the end of the need for the manufacturers' tax. It is as much of an emergency bill for to-day under to-day's conditions as was the legislation during the war for carrying on our cause.

We are to-day fighting the battle against industrial depression. We are fighting for the good name and credit of the Nation. We are fighting for the reestablishment of par values of our Government bonds. We are fighting to restore the revolution of the wheels of industry. [Applause.]

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BEEDY. I was rather surprised to hear the gentleman from Massachusetts discussing this tax bill as a protective measure. I myself have never been able to object to protection where I thought it was needed, but it did seem to me a most strange procedure for the party in control of this House, which did not dare tackle an item in the tariff bill, to put itself in the position of making an exception in one instance and giving what is clearly protection to one product and denying others of us the opportunity to have the same protection. I would like to have some explanation of that.

Mr. TREADWAY. Let me say two things. In the first place, it was a compromise as to amount. The gentlemen advocating a tax on oil wanted 2 cents. They accepted the compromise of 1 cent.

Mr. BEEDY. But what about the principle?

Mr. TREADWAY. The principle is a principle that I have personally always advocated in this House—that we can not build a wall of protection around New England and not give it to anybody else. [Applause.]

Mr. BEEDY. I agree with the gentleman, but this is a tax bill.

Mr. TREADWAY. It is a tax bill, and I said in my remarks this item is a tariff measure under guise of a tax bill.

Mr. BEEDY. Does the gentleman assent to that policy?

Mr. TREADWAY. No. I say that I voted against it in the committee, but I am going to support the committee report here; and, further than that, it is not a Democratic item; it is the joint action of our entire committee. We are not passing a partisan bill, and I, for one, as a tariff

man, and an advocate of tariff and of Republican principles, do not want to claim that the Republican Party is doing anything by itself here or that the Democratic Party is. We are doing it as a group of patriotic American citizens in behalf of our country. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Chairman, I think the members of the committee generally will agree with me when I say that I believe the members of the Committee on Ways and Means, both Democratic and Republican, are to be commended for the nonpartisan way in which they have gone at the preparation of this bill. I think one of the things that has appealed most strongly to the people of the country this year is the fact that the two parties have been able to forget political differences and have undertaken to do something to relieve the conditions which exist in the country to-day. I think the expressions of approval that have come from all parts of the country show that that policy has met with the whole-hearted commendation of the people of the United States.

I believe I am safe in saying that the people of this country to-day want results and they do not care whether those results are accomplished by the Democrats or the Republicans, so long as they get them. I have regretted recently to see that policy somewhat departed from and a resort more or less to bickering and criticism and an effort to claim credit for what is being done. I believe if we can accomplish something really constructive at this session of Congress it will meet with the whole-hearted approval of the people of the country, and that there will be glory and credit enough in it for both political parties. I commend the committee for the work it has done in bringing out this bill, and yet there are certain features of it that I do not agree with. I do not say that in a critical way, I say it candidly and sincerely, in an effort to bring before the Members of the House a situation which is created by some of the provisions that are contained in the bill. I have been pleased to see that in the bill the policy has been adopted of helping agriculture by exempting it from various taxes and withholding burdens that otherwise would have been imposed upon it.

The committee has recognized the condition that exists in agriculture, and I believe it is right that the committee did recognize it, because we all know that that industry, peculiarly situated as it is, has been going through a period of depression that has been for some time almost unbearable. I think the effort to help agriculture in this bill meets with the general approval of the House.

In section 606, at page 237, we find a provision which exempts from license a farmer with respect to his farm or garden products, and on page 249 we find that farm products means agricultural products in the broadest sense, not processed by any other than the original producer thereof or association of such producers, organized and operated on a cooperative basis, and that the term "farmer" means a producer of farm or garden products. Then in the exemptions in section 602 we find farm and garden products produced in the United States are exempted, as also are fertilizers, garden seeds, bran and shorts and feed for animals or fowl, bacon, hams, pig shoulders, pig jowls not cooked or not packed in air-tight containers, butter, oleomargarine, and other substitutes for butter, cheese, and milk and cream in any form, eggs in the shell; and then we find down in subdivision 17 a provision that any article with respect to which an internal revenue tax is imposed under existing law is also exempted.

Now, a situation exists in the State of California by reason of which, if this bill becomes a law, a burden will be placed upon the farmers of that State in the tax of $2\frac{1}{4}$ per cent upon the use of electricity or electrical energy.

In our State we use large quantities of electricity in the pumping of water for irrigating the farmer's crops and lands. This water is just as essential to our farmers as is fertilizer in other sections of the country. It is just as

essential to the farmer of the State of California as is the bran that is fed to the livestock, the feed that is given to the chickens, or any of the other things that a farmer uses to produce a crop or operate his farm.

Mr. CRISP. Will the gentleman yield?

Mr. BARBOUR. I will gladly yield.

Mr. CRISP. As I said yesterday, many provisions of this bill, after it has been dissected, may need some improvement, and it will be my purpose, before this bill is considered under the 5-minute rule, to have the Ways and Means Committee consider certain subject matters, with a view to ascertaining whether or not the committee desires to offer a committee amendment. The matter which the gentleman is discussing is one of them. I am frank to say I am rather sympathetic with the position taken by the gentleman. I know not, of course, what the committee will do when it considers the matter, but I can assure the gentleman that the committee will reconsider that subject matter.

Mr. BARBOUR. I am pleased to hear the chairman of the Ways and Means Committee say that. I know the chairman and other members of the committee would be sympathetic if they could understand the situation and in view of the policy already adopted in this bill so far as agriculture is concerned.

Mr. McCORMACK. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. McCORMACK. I may say that the distinguished gentleman from Oregon [Mr. HAWLEY] brought up that subject in the committee, and I have a very sympathetic feeling for it also. The gentleman from Georgia [Mr. CRISP] very adequately expressed what I think is the view of many individual members of the committee on that subject.

Mr. BARBOUR. I am pleased to hear the gentleman from Massachusetts make that statement. I believe it is entirely consistent with the policy that the committee has laid down in this bill with regard to agriculture.

Now, there is another matter that I would like to call to the attention of the Committee on Ways and Means, as well as to the Members of the House. In the exemptions in the bill are contained articles with respect to which an internal revenue tax is imposed under existing law. I take it to mean that there should be no double taxation, at least as far as the United States is concerned. If that is a good policy, so far as Federal taxation is concerned, then it seems to me that the same reasoning would apply to articles that are taxed by the State.

In the State of California electrical energy used on the farm, in the home, and for other purposes is taxed 7 per cent by the State. That tax is levied in this way: We have no State tax on real and personal property. Our State revenues are secured largely by the levying of a tax on the gross proceeds of public service corporations. Seven per cent of the gross earnings of every public service corporation is paid to the State, and that is one of our principal sources of revenue.

So every householder, every farmer, who pays an electric-light bill or an electric-power bill pays 7 per cent when he pays his bill to the company, and that 7 per cent goes to the State. That 7 per cent tax is recognized by the State railroad commission and is included in the rate for electrical power that is fixed by our State railroad commission, which corresponds to the public utility commissions in other States.

So the California farmers and the California users of electricity are already paying 7 per cent on the electricity that they use, and if this provision in the bill goes into effect they will have to pay an additional $2\frac{1}{4}$ per cent tax on the power and electricity that they use.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. CHINDBLOM. Did I understand the gentleman to say that the citizen of California pays no tax whatever except this tax on electricity?

Mr. BARBOUR. Oh, no. I said that our State revenues are largely secured from this tax on the gross income of public service corporations, but the land tax, the property

tax, personal and real, belongs to the counties, and our California farmers and property owners are paying very heavy land and personal property taxes to the counties.

Mr. CHINDBLOM. But they pay no taxes for State purposes on land or personal property?

Mr. BARBOUR. They pay no taxes for State purposes, but I will say to the gentleman that the taxes in the community in which I live are nearly 6 per cent on the assessed valuation, which is presumed to be 60 per cent of the actual value of the property. So we pay a very high tax, and an almost impossible tax, as our delinquent tax lists in the agricultural districts of California will show.

Mr. CHINDBLOM. A farmer in Illinois, as well as every other owner of real estate in Illinois, and of personal property, pays a tax not only to the township and other local taxing authorities, but he pays a tax for State purposes upon all property, real and personal. If the farmer in California is relieved of his electricity tax, he will be in the position of having been relieved of his entire tax for State purposes, whereas an Illinois farmer and farmers in other States will not be so relieved. Is that correct?

Mr. BARBOUR. No. We pay 7 per cent on all public utility rates. It is merely a matter of distribution. Our farmers pay as much or more taxes to the counties than an Illinois farmer would pay in all. They pay more taxes because the public utilities are not taxed by the county. That is set aside for the State, but the land taxes are reserved to the counties, and our land taxes are just as high, I dare say, if not higher, than in the State of Illinois, because all of our school tax and all of our county and municipal taxes are borne practically by the land, whereas in your State undoubtedly the counties tax the public utilities.

Mr. CHINDBLOM. So far as the individual farmer is concerned, however, in California he pays no State tax.

Mr. BARBOUR. Indirectly, he pays a very considerable State tax and he pays a very heavy county tax, which is probably as large or larger than the tax which the farmer pays in the gentleman's State.

Mr. CHINDBLOM. There is no reason why that should be so if it is entirely for county purposes.

Mr. BARBOUR. It is because of the distribution of taxes as we have it in California. It would make no difference whether he paid his electricity tax to the county or the State. He is taxed 7 per cent on the electrical energy he uses, and his land tax and his property tax are prohibitive, as the delinquent tax lists in the agricultural districts of California will show.

Mr. CHINDBLOM. That condition exists in many other parts of the country.

Mr. BARBOUR. That is true; but a farmer in California is not being relieved of any tax burden, because the State collects that 7 per cent tax on the gross revenues of public utilities. In addition to his property tax he pays a tax of 7 per cent on the electric power that he uses.

Mr. SNELL. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. SNELL. Does the State of California have any income tax?

Mr. BARBOUR. No; it does not.

Mr. SNELL. Take a State like ours, which has a 3 per cent income tax, does not the gentleman think it would be fair for us to have an exemption on the amount we pay on our State income tax?

Mr. BARBOUR. If the State of California had an income tax, there would be no farmers paying it.

Mr. SNELL. And not in our State.

Mr. BARBOUR. I presume the same thing is true in the gentleman's State.

Mr. SNELL. The only industries in my part of the State of New York are paper mills. They have not made any money for the past two or three years; many of them have been losing continuously, and they do not see much prospect in the future. What am I going to say to them with regard to this manufacturers' tax? If we start making exemptions, why should not the paper-mill industry and other large manufacturing industries have the benefit of such exemptions?

Mr. BARBOUR. If it were the policy of the committee to exempt paper mills, then I would say your paper mills should come within that policy; but what I am contending is that the policy of the committee, as contained in the bill, is to relieve agriculture because of the peculiar situation agriculture occupies. This proposed tax on electric power places an additional burden on agriculture and is not in harmony with other provisions of the bill. A paper mill can close down if it is not making any money.

Mr. SNELL. They can not, because they can not pay their bills.

Mr. BARBOUR. A farmer can not close down. He has got to keep farming.

Mr. SNELL. That is the situation of the paper mills in my country at the present time. They can not close down.

Mr. BARBOUR. I am simply trying to follow the policy as laid down by the committee in this bill. If the policy were to exempt paper mills as they have those in the gentleman's State, then I believe he could well come in and ask that any kind of electricity tax that the paper mills have to pay should be exempt. But even in this bill as it now stands a paper mill would pay no tax on electric power used; and, besides, electricity is not taxed in the gentleman's State.

Mr. SNELL. That is what I am asking the gentleman. I do not think it is any more unjust to the people in his country than in any other part of the country.

Mr. BARBOUR. What I want to get home to the Members of the House is that the tax we are already paying in California of 7 per cent touches every user of electricity, and the farm bureaus and other farm organizations have hearings on now before the State railroad commission to try to get the rates reduced. I know of my own personal knowledge that farmers have had to stop irrigating their crops and let them dry up because they can not pay the power rates with the additional 7 per cent tax.

Mr. SNELL. Does the gentleman know that in the county where I live and where I was born they have had a taxpayers' meeting of 3,000 taxpayers at Ogdensburg, protesting because they can not pay their taxes at the present time?

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. BRAND].

Mr. BRAND of Ohio. Mr. Chairman, Senator ROBINSON stated last night in a radio address that this country can not afford a four-billion-dollar Budget.

Mr. PARKS. May I interrupt the gentleman to ask which Senator ROBINSON stated that? There are two Senator ROBINSONS in the Senate.

Mr. BRAND of Ohio. Senator ROBINSON of Arkansas.

I listened yesterday to the gentleman from Georgia [Mr. CRISP] very attentively, and what he said meant, to a business man, that, all told, the Appropriations Committee of the House is going to save \$150,000,000, reducing a four-billion-dollar Budget \$150,000,000. This does not approach the subject.

And, by the way, last Saturday we passed a bill in this House appropriating one hundred and thirty-odd million dollars for roads as an emergency measure that wipes out the entire savings made by the Appropriations Committee throughout the entire session.

If the speech of the gentleman from Georgia [Mr. CRISP] meant anything to a business man, it meant we are going to tax the people to go on with a \$4,000,000,000 budget. I may be wrong, but I think it is the duty of this House to reduce the amount of the Budget, and I think everybody must be willing to make sacrifices. We have been in unusual times in this country for the last 20 years, and the funds have been available and the people have wanted us to spend, and we have multiplied taxation 400 per cent. This is what we have done, and now, if you will go home, you will find there is a different situation from the situation when you left home in December. We had a disease then, but now at home we are getting the casualties.

I want to tell you that people are breaking up and going into bankruptcy, not just here and there, but it is just like

a cyclone that is sweeping across the country, and I may say further that it is taxation as much as anything that you can put your finger on that is causing these bankruptcies. It seems to be the final impulse that is pushing the people into bankruptcy. Why, it is tax to the right of you and tax to the left of you until you can not pay your other bills.

I am not going to be cowardly enough here to oppose any part of this bill without saying how I am willing to raise the money to balance the Budget. I want to balance the Budget. I have always admired Alexander Hamilton extravagantly, and I think the basis of that admiration came from the fact that when he first became Secretary of the Treasury he said that all the bills of the Revolutionary War should be paid and all the obligations of the Colonies should be paid, and they were paid. You know that was hard to do then, but the credit of the United States was established, and it is our duty to maintain it.

I am willing to cut all salaries in the United States service 25 per cent for two years. The total amount we pay out for salaries is one billion and a quarter, and this cut will save \$300,000,000. This is half of what this sales tax is supposed to yield.

Well, you say, this is objectionable; that this would be an example set to reduce all kinds of compensations, wages, and salaries all over the country. Now, seriously, might not this help labor right now? Do you not know that business is stagnated because some people can not buy the products of other people; and if labor were reduced, would it not be better to get \$3 a day and be employed than to have a fictitious salary of \$6 a day and not be employed?

How are we going to get the rest of the \$300,000,000 to equal the sum supposed to be raised by this sales tax?

Now I come to something I do not like to say. It is the hardest kind of medicine for me to take, but we passed pension bills and compensation bills in this House when the dollar would not buy anything hardly, and now we have a valuable dollar. You can cut compensations and pensions 25 per cent and give the soldiers and widows just as much in value as when those laws were passed, and for two years I recommend that this be done. This will give you over \$100,000,000.

Now, where else? Our road program contemplates \$235,000,000 of expenditure this year.

And on the public building program, \$55,000,000 to \$75,000,000. Is it wise, is it good sense, to pass a sales tax on manufacturers, which is to make everybody pay on what they purchase? I want to say that 90 per cent of all money coming from the manufacturers' tax, will come from ordinary people, with ordinary incomes. It will largely come from labor. You pass the \$600,000,000 collected from this tax into the Treasury, and then you will attempt to get it back to labor by the program of roads and buildings. You take it away from labor and then try to get it back, and there will not be 50 cents on the dollar get back to labor.

Now, there are the four items—salaries, pensions, roads, and buildings—upon which you will save as much money as the sales tax will produce. [Applause.] Mr. Chairman, I yield back the balance of my time.

Mr. HAWLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. LOVETTE].

Mr. LOVETTE. Mr. Chairman, ladies and gentlemen of the committee, being a freshman, I would hesitate to speak on this subject, but it is of vital interest and vital concern to the people of this country and I can not refrain.

I want to oppose this sales tax. In the outset I want to lay down this proposition: I would not say it was iniquitous but I believe it is an unfair, unjust, and inequitable tax.

I commend the members of the Ways and Means Committee, for whom I have great respect. I believe in their ability, in their patriotism, and I believe that they have done the best they could, but I do not believe that we ought to impose this sales tax at this time.

I know that they say, If you oppose the sales tax, what do you offer? And this is a very proper question.

Before I come to that feature, I want to call attention of this House to the fact that we have been here for three

months, legislating, passing great appropriation bills. We have passed a \$125,000,000 bill for farm loans, a \$2,000,000,000 Reconstruction Finance Corporation bill, and all these other bills, but there has been very little said in the discussion of those bills about balancing the Budget.

It is rather strange to me now, that with all this great passing of bills, that when you come down to a bill where you are going to lay a tax on the distressed people of this country, where you are going to tax the very blanket that covers the shivering pauper, where you are going to tax the very shoes that the beggars of the country have to buy for their children, that Members of the House get very much wrought up about balancing the Budget—about the \$600,000,000 which the sales tax will raise.

We have 8,000,000 men out of employment, no money, and no work, with the States, municipalities, and private charity taxed to the limit to feed and clothe millions. In this bill you propose to levy a consumption tax on them. You propose to tax the very charity of the country when it is already at the breaking point. Outside of a very few exemptions in this bill, you propose to tax everything from the cradle to the grave.

If I believed that the Government was going on the rocks, that there was no other source from which to raise taxes, that all sources had been exhausted, that it was necessary to raise \$600,000,000 in order to balance the Budget and save the credit of the country, I would vote for the sales tax. It has only been a few years since we had a bonded indebtedness of \$10,000,000,000 in excess of what we now have. It is true we were prosperous then, or thought we were. I am not one who believes that increasing our bonded indebtedness to the extent of the amount sought to be raised by this sales tax would shake the credit of our country. I do not believe anyone in this House thinks that we are in any danger from that source.

There are so many objections to this tax. In the first place it will be hard to collect. The administration will be so inequitable. It proposes monthly settlements with 140,000 factories in the United States. The Government will have to employ a great army of deputy collectors. There will be no end to its ramifications. The argument that it will aid business is preposterous. The argument that you can extract from the consumers of this country by means of a manufacturers' tax \$600,000,000, and the people not feel it, is almost silly.

You may chloroform the people and take their money away from them and they not know it, but it is impossible to take from their pockets \$600,000,000 without their having some idea of what you are doing. A great many manufacturers and merchants will actually make money out of the tax, and it all gets back to these people I am talking about. The farmers of the country, and the great army who are unemployed, who have recently been working in factories and mines, and who are now walking the streets, must not only pay this tax but they must pay the profits that the manufacturers will exact from them on account of the tax.

Do you think if an article costs \$1, and the tax on it amounts to 2¼ cents, that any manufacturer would price that article at \$1.02¼? And you may be sure that he will not price it at \$1.02, or \$1.01, but will make it \$1.05, under the guise of having to pay a manufacturers' tax, and in this way there will be extracted from the pockets of the common people of this country a large sum of money under the guise of the manufacturers' tax.

It is unfair; it is inequitable; and of all times in the world it ought not to be levied now, when so many people are almost in a death struggle for existence. The psychological effect on the people of the country will be disastrous. They are already overburdened with their State, county, and municipal taxes. The greatest demand for charity that has ever been made is being made now, and to levy this additional tax, and put this additional burden on the average person at the present time is outrageous. But, you say, where will you get the money? How will you balance the Budget? To that I reply: Go to those who have the money, and do not try to take it from those who have not. For the

last 15 years the profiteers of the country have done great work; they have accumulated vast fortunes; they have bled the people white. If you can't get it there, then cut down your Budget for Government expenses.

There are so many ways it can be done. It will be far better to curtail some of the activities of the Government, consolidate and eliminate some of the more or less useless bureaus of the Government, cut the salaries in the higher brackets, than to wring from the common people of the country this unjust, uncalled-for, and inexcusable tax.

The Congress will not occupy a very enviable position before the country if we sell \$500,000,000 worth of bonds to relieve the banks, the railways, and the large enterprises of the country; if, in this time of stress, it passes appropriation bills practically equivalent to those passed in prosperous days, and then undertakes to levy a tax upon the poor people of the country, and undertakes to excuse it on the ground that it was necessary in order to balance the Budget. I am of the opinion that if the financiers had told us when we were passing all of these other huge appropriation bills that it would be necessary in the end to levy this sales tax in order to balance the Budget they would not have gone through so easily.

I am not one of those who believe that it is necessary to adopt this measure in order to save the credit of the country. I want to see the Budget balanced, but I will not vote for this sales tax as long as there is any other way to balance the Budget. I have faith in the country, and I do not believe that there is any danger that our financial fabric and our financial institutions will break down. I do not believe that the credit of our country will be impaired, even if we fail to levy this tax. I do not believe that the distinguished gentlemen on the Ways and Means Committee would stand up here in this House and say that if we fail to levy this tax that it will impair our credit. They have as much knowledge and as much judgment about this matter as anybody in the United States, and I do not believe they would for a moment think that if we fail to levy this tax that our financial system would break down. It is true that if at the end of the fiscal year 1933 we should have a deficit of \$600,000,000 it would be far better to increase our national debt to that extent and let it spread over the years that are to come, which we hope will be more prosperous, than to lay a further tax upon the hard-pressed people.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?
Mr. LOVETTE. Yes.

Mr. PARSONS. I am sure the gentleman noticed in the press this morning that the offer of \$900,000,000 of securities of this country was oversubscribed to the extent of \$3,350,000,000.

Mr. LOVETTE. I understand that is true. At the end of 1933, if we lack the amount of this sales tax, if we lack \$600,000,000, I believe if you offered that to the public, it would be oversubscribed at that time to the same extent. This tax is going to be put on a class of people who can not pay it.

Another feature of this bill should not be overlooked, and that is that if we levy this additional tax on the business of the country it will further curtail the purchase of goods and further tend to break down the purchasing power of the public and as a result retard the recovery of business.

I can not see by what logic gentlemen can reach the conclusion that to levy a tax on business, whether it is absorbed by the business interests or passed on to the consuming public, will aid business. If that were true, we should double the tax in the interest of business recovery.

I have felt that we were at the bottom in this depression, but if you pass this sales tax you can rest assured that the business of the country will get its greatest blow and we may have to wait for some time yet to see the upward trend.

I therefore desire to register my objection to the sales-tax feature of this bill, and I venture the prediction that when it is once written into the law it will be a long time before we get rid of it. I would regret to see this burden placed upon the people of this country. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, I had always assumed that the measure now before the House was to be a tax bill. Now, I am in doubt as to what kind of a bill it is. The acting chairman and various members of the committee refer to it as a tax bill. The gentleman from Massachusetts discusses it in one breath as a tax bill and in the next urges its adoption on the ground that it embodies sound principles of protection.

I am reminded of the colored man who went fishing for tarpon off the coast of Florida. It was not long before he got a strike. As he seized the line preparatory to pulling in a fish, the tarpon gave a vicious tug which plunged the darky into the sea. Presently, he came up blowing and wiping the salt brine from his face. As he regained the side of the boat, he cried out to his companion, "What I want to know is whether dis yere nigger is fishin or whether dese yere fish is niggerin." [Laughter.]

While the bill in question certainly embraces a wide levy of taxes, it also applies the principles of a protective tariff under the guise of what is ingenuously termed an "excise tax." When people from my State questioned me as to the advisability of demanding from the Ways and Means Committee an excise tax upon pulp to protect Maine farmers and extensive business interests which are suffering from cheap pulp importations originating in countries with depreciated currency, my advice to them was, "Do not bother the Ways and Means Committee, which is attempting to deal with tax problems purely by advocating the levy of what is unquestionably a protective tariff duty." I told my people that they would fool no member of the Ways and Means Committee with talk about an excise tax. I cited the fact that this committee had very recently taken a strong stand against any legislation dealing with tariff schedules. I submit that I gave my people sound advice.

Here we have the Democratic Party in control of the House of Representatives and the Ways and Means Committee. For months they have fairly pummeled into the public mind the claim that existing high tariff duties were contributing, if not prime, factors in causing the present depression. When, upon the convening of the present Congress, it became the duty of the Democratic Party to do something about the evil tariff schedules of which they had complained, we all know what happened. That party introduced legislation which did not attempt to deal with a single tariff item but recommended that we postpone definite action until we could hold a conference with foreign nations, that they might assist in showing us what to do with our tariff schedules. The Democratic Party assumed the responsibility of continuing indefinitely, exactly as the Republican Party had written them, all the items in the Smoot-Hawley tariff bill against which they had so bitterly complained. It is the Democratic Party in this House, therefore, which has put itself on record as continuing high tariff schedules which have caused, as they say, so much damage to our people and the foreign trade of the country.

I did not hesitate to advise the business interests, which sought protection against the imports of cheap labor from countries which have recently abandoned the gold standard and thereby obtained an added advantage over American products, that the party which would not touch a tariff schedule under purely tariff legislation would certainly not be seduced by the siren call of those who advocated that an excise tax on oil be smuggled into the pending tax bill.

Imagine my amazement when this bill was reported to find that this Democratic Ways and Means Committee had levied a protective duty of 4 cents a gallon on imported lubricating oils and 1 cent a gallon or 40 cents a barrel on crude petroleum, fuel oil, and gasoline. Imagine my further astonishment when the gentleman from Massachusetts [Mr. TREADWAY], in his discussion of the pending bill this afternoon, urged its adoption in one breath on the ground that it was a sound tax measure, and in the next breath on the ground that it embodied the sound principles of protection. He urged its support by those sections of the country whose

industries had received no protection in the bill on the ground that a certain section of the country had benefited by its protective duties.

This certainly is a most amazing statement to be made on this floor by a member of the committee in defending this anomalous Democratic highly selective protective tariff tax bill.

Understand me, I am not opposing necessary protection to industries in any part of the country. I am a Republican who stands for necessary protection of any American industry to the end that that industry may not be ruined by cheap importations with resulting unemployment of American labor.

I am here to say that those in charge of this legislation, instead of giving Members of the House and the public itself to understand that this was to be a pure tax bill, should have been perfectly frank about it and have said, "We propose to impose protective duties in the case of industries where protection is necessary."

The committee, I submit, erred in opening the door of its hearings to a single industry which, carefully avoiding the phrase "protective duty," employed the sweet and seductive term "excise tax," and emerged victorious, with its appeals answered, while the emergent needs for protection in other lines of American industry went unheeded.

Mr. PARSONS. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. PARSONS. If this is a protective tariff bill, whose bill is it? Is it the bill of the Democratic Party? Has the President recommended it or the Treasury recommended it? Whose bill is it?

Mr. BEEDY. I should imagine that the gentleman is as capable in mathematics as I am. It does not take long to figure out that 15 Democrats in the Ways and Means Committee can outvote 10 Republicans and control the legislation of the committee. You may say that the bill is the joint product of the Ways and Means Committee, in which both parties are represented; but you certainly can not deny that your party controls the Ways and Means Committee and is also in control of this House.

When you Democrats reported your tariff bill to the House recently, you did not have the courage to attempt a revision of a single item in the entire tariff schedule. Nevertheless you have continued to expound the awful truth that it was existing high tariff duties that brought about and were prolonging the business troubles in which we now find ourselves. The fact is that your party did not lay its hand upon a single item in the existing tariff law because you realized full well that lowered tariff duties meant the opening of breaches in the existing tariff wall which would result in a dangerous invasion of this home market by the products of cheap foreign labor to the further displacement of American labor.

I can not blame you for the stand you took in this regard. You did not care to assume the responsibility for legislation which would work inevitable damage. You, in effect, said to the country, in your reluctance to lower existing tariff duties, that you believe in the Republican system of protection. Having taken that stand, why did not the Democratic members of the Ways and Means Committee follow a consistent policy and give added protection in this tax bill not only to the oil industry but to the pulp industry and other industries which are hard pressed by foreign competition?

Mr. LINTHICUM. Will the gentleman yield?

Mr. BEEDY. Yes; I will be glad to yield.

Mr. LINTHICUM. In the first place, I, for one, on this side of the House, am opposed to a tax on oil. In the second place, I want to ask the gentleman what the Democrats could have done if they had brought in a tariff bill, with a Republican Senate and a Republican President? What chance was there to pass such a bill?

Mr. BEEDY. If you had brought in a proper tariff bill justified by facts which American industry would disclose, it would have received the almost unanimous support of the Republican side of this House and I doubt not of the Republicans in the other body and the President as well. There is not any question about that. But I repeat, your party

realized full well that the existing tariff wall ought not to be lowered. You knew perfectly well that it was of prime importance to save for American labor and American industry the present-day American market. You knew that every opening in our tariff wall which would be caused by a reduction of tariff duties would invite extensive importations of the products of cheap labor with resultant displacement of American labor.

You could not face the responsibility for the results which would have followed any lowering of existing tariff duties. Now I ask you why, having accepted the principle of protective tariffs and having inserted in the pending tax bill protective tariff duties under the guise of an excise tax on oil, why did you not likewise write some tariff duties into the bill in behalf of other industries?

Do you contend that this excise tax on oil was levied for the purpose of raising revenues? Why, the fact is this country exports oil. The oil industry sought this excise tax believing that it would prevent importations of oil from cheap oil-producing wells in foreign countries. If it is to accomplish its purpose, therefore, the excise duty on oil will yield but little revenue. If you wanted an excise tax to produce revenue, why did you not levy such a tax on pulp? This country imports 1,500,000 tons of pulp each year. An excise tax of \$10 a ton which would practically offset the advantage enjoyed by Scandinavian countries through depreciated currency, would yield us \$15,000,000 annually on pulp importations.

I repeat, that if protection will save the American oil industry, it will save the American pulp industry and make a market for the farmers' spruce. Whenever and wherever tariff duties will save an American industry and the American market, I am for a tariff. In the long run, all sections of our country must rise and fall together. Business depression in one section brings adverse repercussions in another. I stand, therefore, for the uniform protection of American industry. I object, however, to the concealing of legislation for the protection of a selected industry beneath the folds of an internal revenue tax bill.

Mr. PARSONS. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. PARSONS. The figures on world trade for the year 1931, under the year 1929, showed a reduction of 37½ per cent. The reduction of America's trade from 1929 to 1931 was 53 per cent. Can the gentleman explain to the House why the world trade has only 37½ per cent reduction and American trade 53 per cent?

Mr. BEEDY. I can not discuss that in the remaining 2 minutes of a 10-minute speech. I am saying that I protest against permitting one group to slip into the Ways and Means Committee hearings on a tax bill with a plea for protection, while other men, representing other industries and equally anxious to defend them, have advised against attempting to put over any tariff legislation under the guise of an excise tax, in hearings on a pure tax bill. Such procedure is unjustifiable.

If the oil producers of the West need protection, let them have it, but let all industry receive equal notice of the scope of pending hearings and equally fair treatment.

There is a bill pending before this House which would afford all industry a remedy against unprecedented advantages now enjoyed by foreign nations with depreciated currencies. The bill calls for the imposition of countervailing duties to offset low production costs incident to cheap foreign money. I hope we may have some hearings on this proposed legislation. I hope the oil industry and all other industries which need help will have equal opportunity to be heard and equal protection for the benefit of American labor and American industry in general.

Mr. HASTINGS. Will the gentleman yield?

Mr. BEEDY. Yes.

Mr. HASTINGS. I just want to say that both sides had a hearing before the Ways and Means Committee on the oil question.

Mr. BEEDY. I do not deny that but I am calling attention to the other industries which were never heard. [Applause.]

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. McCORMACK]. [Applause.]

Mr. McCORMACK. Mr. Chairman, I am very sorry that my friend from Maine [Mr. BEEDY] has seen fit to inject into the consideration of this bill a strictly partisan speech. I want to remind the gentleman from Maine that the Democrats may control the House by a scant majority, but that the Republican Party is technically in control of the Senate and the Republican Party is in control of the Executive department, yet we are confronted—and I say this impersonally—with the responsibility of trying to balance the Budget for the fiscal year 1933, that deficit having come under a Republican administration. We have had two other deficits, for the years 1931 and 1932, approximating \$3,000,000,000, all of which came under the Republican administration from the President down to the control of both branches of the Congress. I think the gentleman's remark is wholly unfair, unwise, and inconsiderate at this particular time, when leaders and Members of both parties are trying to lift themselves above party action and above party benefit in the consideration of this bill.

Furthermore, while I feel the same way that the gentleman feels with reference to the tax on imported oil, let me say to the gentleman that he should not undertake to place the blame on the Democratic Party. That vote was submitted to the 25 members, and there were Democrats and Republicans voting for and against the amendment. It was not a party vote, and there was not much difference between the proportion of members in each party to their whole membership that voted for or against that amendment. I agree with the gentleman that a revenue bill should not be used for tariff purposes.

Mr. BEEDY. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. BEEDY. I want to make clear in the Record what I said as to the make-up of the committee. Everybody here knows that there are two Democrats on that committee to every Republican. I do not know what occurred in the committee.

Mr. McCORMACK. And I am not stating what occurred in the committee. My purpose is to try to present the pending revenue bill rationally to the members of the Committee of the Whole, and the gentleman has not assisted by his remarks.

I realize the emotions and thoughts which are running through the minds of the Members, because every thought and every emotion that is running through your minds ran through my mind and the minds of members of the Committee on Ways and Means. The thoughts and emotions and your immediate reaction to this bill were substantially the same as those of each and every member of the Committee on Ways and Means at some time during the consideration of the pending bill.

It is my purpose to discuss the manufacturers' excise tax impersonally and in an attempt to appeal to your rational and not to your emotional mind. I want to present the facts and evidence to you as I see them, the same as I would undertake to present them to a jury if I were trying a case in either a civil or criminal court. This is a matter that should be viewed rationally and not emotionally.

As I said in the committee, when the thought of a manufacturers' excise tax was first proposed I was opposed to it, just the same as undoubtedly many members of the Committee of the Whole are opposed to it at the present time. I am opposed to the principle of a sales tax. I am opposed to the principle of a manufacturers' excise tax, but if I believe it is necessary for the interest of our country to balance the Budget for the fiscal year 1933, and the additional revenue necessary to balance the Budget can not be obtained through a selective sales tax as recommended by the Treas-

ury Department; if necessity demands that we balance the Budget, then I am willing to suspend temporarily my ideas so far as the principle is concerned and recognize the demands of the law of necessity.

Mr. BOLAND. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. BOLAND. I appreciate the attitude of the gentleman from Massachusetts on this particular bill from a patriotic standpoint. He is willing to sacrifice his own ideas to go along, but I would ask the gentleman from Massachusetts whether in the consideration of this tax bill the Ways and Means Committee considered a tax on capital stock? I might remind the gentleman that in 1926 there was over \$100,000,000 raised on a capital-stock tax. Did the committee consider that?

Mr. McCORMACK. I will come to that later, if the gentleman will wait.

Mr. BOLAND. I might ask the gentleman if the committee considered the tax proposed in a bill on which I appeared before the committee, namely, a tax on trucks and busses?

Mr. McCORMACK. I will take up one question at a time. I will answer the question with reference to a tax on capital stock a little later, if the gentleman will wait. The thought that was impressed upon my mind at the outset of the hearings was that it was necessary for the Government to balance the Budget for the fiscal year 1933. In 1931 we had a deficit of \$903,000,000. In 1932 we will have a deficit approximating \$2,600,000,000, including the appropriations referred to by the gentleman from Maine and by other gentlemen with reference to the Reconstruction Finance Corporation, the \$125,000,000 for the Federal farm banks, and without regard to such other appropriations as we may make which will be effective during the fiscal year 1932. That means that approximately \$3,000,000,000 has been added to our national debt. The members of the committee, or at least a great majority of them, were impressed by the fact that it was necessary for us to balance the Budget for the fiscal year 1933; that if Government bonds are offered to the public at par and then within a day or two or a week or a month drop to 85 or 86, the Government would have extreme difficulty in having its necessary offerings accepted by the general public.

A great majority of the members of the committee considered the probable effect of the failure to balance the Budget for the fiscal year 1933 upon our business life. If business is affected adversely, it in turn affects all classes of employees. Our whole economic life is centered around our business activities. Our failure to balance the Budget for the fiscal year 1933 would further aggravate the condition we are in at the present time, and would operate as a deterrent to a return to normalcy, or at least a deterrent to a more speedy return to normalcy, and our failure to perform our duty is going to result in conditions that will ultimately receive the condemnation of the general public.

On the one hand, there are those who claim we should not impose a manufacturers' excise tax; on the other hand, there are those who feel that we should, of necessity, balance the Budget. If we are going to strike out the manufacturers' excise tax from the bill, at least those who are going to vote for the motion and who still believe we should balance the Budget should offer something as a substitute therefor.

The committee considered all these questions.

Mr. PETTENGILL. Will the gentleman yield?

Mr. McCORMACK. I will yield to the gentleman in a moment.

We considered the recommendations made by the Secretary of the Treasury. We considered the 7 per cent tax on the domestic consumption of electricity and gas; we considered a 5 per cent excise tax on the automobile industry; we considered a stamp tax; we considered the other recommendations made by the Treasury Department; and we heard the evidence in opposition, and sitting there and deciding as fairly as we could, trying to act in the capacity

of judges weighing evidence, we reached the conclusion that most of these recommendations were such that the businesses they were directed toward would feel such serious results as to affect them to a great extent and thereby affect the other industries allied with the major industries toward which the recommendations had been made.

I now yield to the gentleman.

Mr. PETTENGILL. The gentleman has stated that he and the other members of the Ways and Means Committee, much against their principle and desire, have favored the manufacturers' tax as a matter of absolute necessity on account of the anticipation that the United States Government credit is, or shortly will be, exhausted, and that United States offerings can not be sold at par. In view of the fact that an offering of \$900,000,000, offered on Monday morning, was oversubscribed in 48 hours three and a half times, 3.8 per cent money being oversubscribed three times, and 3.75 per cent money—

Mr. McCORMACK. I yielded to the gentleman for a question. I am not yielding for the gentleman to make a speech. I have read the papers the same as the gentleman has, and I am prepared to answer his question.

Mr. PETTENGILL. I simply want to complete my statement and then ask the question.

Mr. McCORMACK. I yield for a question. What is the gentleman's question?

Mr. PETTENGILL. The question is, Does this report change your mind as to the anticipated danger of the Government not being able to sell its securities?

Mr. McCORMACK. No. When the committee was in executive session considering the reporting of this bill the Secretary of the Treasury was in New York City trying to make arrangements for that loan, and the bankers, as we understood and as it was reported to us, were withholding what consideration they would give with respect, first, to the loan; and, second, to the rate of interest, pending the question of whether or not the Ways and Means Committee reported out a bill which showed a determination to balance the Budget.

Furthermore, if we go back only three or four or five months, there was an issue of the Government which was just oversubscribed, and was accomplished only as a result, I am informed by the Treasury Department, of calling up different bankers, calling up those with whom they have communication and connection, and asking them to subscribe, so that the issue would not be a failure. But, further than the Government bonds, failure to balance the Budget will affect business adversely; and if business is further affected adversely this means further deflation, and instead of having the American public standing it manfully, as they are doing now, we will have the conditions of 1873, when the militia was called out. We will have the conditions of those days when religious processions of all creeds were walking the streets of all the cities praying for a rapid return to a condition of normalcy.

The American public has stood this depression wonderfully. Various organizations have played their part, and we should salute organized labor—particularly the American Federation of Labor—for manfully cooperating in this great period of depression. We all want a return to normalcy. We have had our days of ecstasy prior to the collapse of October, 1929, and we are now undergoing the days of pain.

Do you think I want to vote for any bill that is going to raise taxes? Does anybody want to do it? We all like to vote for every bill appropriating money and against all bills the purpose of which is to raise revenue; but we have a duty to perform, and the American Government is the American people. The Government is simply the machinery of American society, operating in accordance with the will of the American people as expressed in the Constitution itself. After a review of the evidence and considering existing conditions, the committee found as a fact that we were confronted with a necessity requiring the balancing of the Budget for 1933.

If any member of this committee feels that the Budget should not be balanced for the fiscal year 1933, I have no

differences with him. He is consistent. He says that he does not favor the heart of the bill, which is used and which is necessary as a means of balancing the Budget. He takes the position that he does not approve of it in principle and does not think that the necessity exists, does not think we should therefore balance the Budget, but that we can add the deficit onto our national debt in addition to the \$2,000,000,000 that will have been added by the end of the present fiscal year. While I disagree with that man, I respect the fact that he is consistent. But the member who feels, as I do, that we should balance the Budget and is willing to wipe out or amend certain parts of the bill without putting something in their place which will assure approximately the same amount of revenue is completely inconsistent with the position he has taken.

Mr. DOUGHTON. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DOUGHTON. Can the gentleman state his authority for the statement that the American Federation of Labor favors a manufacturers' sales tax?

Mr. McCORMACK. I did not undertake to say that they did.

Mr. DOUGHTON. I thought the gentleman substantially stated that.

Mr. McCORMACK. No; I paid my compliment to the American Federation of Labor. I simply gave them a salute for the outstanding way in which they have been cooperating and working patriotically shoulder to shoulder with everybody else in this great period of depression. I am pleased that my friend has asked the question, so that any doubt may be removed from the mind of anyone here as to what I did say. I do not know what their position is on this question.

Mr. DOUGHTON. It has only been recently that Mr. Green, the head of the American Federation of Labor, stated positively and emphatically that they opposed a sales tax.

Mr. McCORMACK. Was that statement made within the last day or two?

Mr. DOUGHTON. Oh, no; not in the last day or two, but recently.

Mr. McCORMACK. Then I do not think that anyone should try to place them indirectly on record either for or against the excise-tax provisions.

Mr. Chairman, we were confronted with all the problems that you are now confronted with. For eight weeks we considered the problem before this bill was reported into the House. It is only natural that you gentlemen should entertain doubts; it is only natural that you gentlemen should seek evidence. I would. I had eight weeks of it, sleeping with it, eating with it, and I realize what you are confronted with. Every man is justified in taking the floor and expressing his views. But back of it all is the deficit; back of it all is the third year of a deficit. Back of it all is the danger of further inflation, of further disadvantages to business life. Back of it all is the danger of Government bonds going down in the market, the bonds of the Federal Government selling as low as 83 the other day, and when this bill came out taking a sharp upward jump.

I will not say that failure to balance will destroy the credit of the Government; but I do say with emphasis that it will impair our credit, and it would not stop there. It would further impair the credit of business, and none of us want that, even those Members who are opposed to the balancing theory and its necessity.

I do not care what kind of a bill you pass; let us balance the Budget. If you do not want a manufacturers' excise tax along the lines proposed in the pending bill, which in principle I am not in favor of, but necessity and duty, as I see them, prompt and compel me to vote for, strike it out, in whole or in part, but insert something that will balance the Budget. If you do not want temporarily the excise tax, and even if, under necessity, you can not for two years suspend your convictions, vote it out, but put something else in. I would like to vote against any revenue raising bill this session. I am human, like anyone else. I am inclined to feel

that if I could bring myself to the opinion that we could defer balancing the Budget for 1933, without the same causing greater distress and prolonging the unfortunate period that we are undergoing, or if I had a reasonable doubt, that I am not only human enough but possessed of sufficient practical political sense to do so, there is no doubt in my mind that what the natural and probable consequences of our failure to balance the 1933 Budget will be such that I hesitate to picture the same in my mind, and I deliberately refrain from expressing my thoughts on this subject.

Is there any gentleman here who will say that he wants a stamp on bank checks except as a last resort? Will the majority of the Committee of the Whole favor a 7 per cent tax on domestic gas and electricity? Will a majority of the committee say that they want a 1-cent tax on gasoline? Will a majority of the committee say that they want to increase the first-class postage from 2 to 3 cents? The above and similar taxes are necessary if the excise-tax provisions are stricken out. Let any member make any one of the above without making all of them and he will be properly flooded with letters and telegrams of protest. I speak from experience.

Remember, this method is only to be for two years, and then it automatically expires. Why did we put a limit on this aspect of the bill and not upon the income, corporation, estate, and gift tax increases? Because if at the end of two years it were necessary to continue some of the taxes reported in the bill, that the excise-tax feature would not be the part of the bill that would be continued. Opposed to the tax in principle, resorting to it only on the ground of necessity, we did not want to have such a tax policy become permanent. We have witnessed the experiences of France in this respect. The increases in the income, corporation, estate and gift taxes were made permanent so that two years hence there would be no contest waged to determine which method of taxing would continue, in the event that the Treasury condition was such that all additional taxes herein imposed could not be repealed.

Now, I want to express my views from another angle.

I think it is reasonably necessary and fair to impose a tax equitably on all business, and thereby avoid imposing on a few selected industries a tremendous burden. In order to do this, under the circumstances that confront us, the excise tax is the only way that the rule of approximate equity and justice could be applied. With that in mind, there are some features of the tax recommended that I think can be corrected, and when I make the suggestion of how they can be corrected, I shall also recommend reluctantly a means whereby the loss of revenue resulting therefrom will be secured in another direction by way of substitution. I do not want to tax food. Who does? None of us want to tax food. The committee made as few exemptions as possible, and yet many foodstuffs are not exempt. Certain meats, canned food, and food of different kinds are not exempt. The last thing that we want to do is to tax food, and necessity is the only motive which prompts it. If we eliminate food, and that includes not the tax on the can but on the product going into it, except that which might be used commercially, as in a hotel or a restaurant, because that is not food going into the home life, and substitute the capital-stock tax that the gentleman from Pennsylvania referred to, we would pick up from \$50,000,000 to \$100,000,000, according to the amount of the tax. A capital-stock tax was imposed during the war and remained a part of our revenue laws until 1926. It was in the nature of an excise tax on the privilege of corporate business and was imposed at the rate of \$1 for each \$1,000 capitalization. I do not like to resort to it unless it is necessary, but I feel as between taxing food going into the home and imposing a tax of a dollar on each thousand of capitalization or even 50 cents a thousand, if all we need is \$50,000,000, we would be justified in saying to the American people and to corporate activity that they should bear this additional burden. That is the suggestion that I make.

Mr. BOLAND. What about my question so far as taxing busses and trucks on the road is concerned?

Mr. McCORMACK. Oh, do not get me into that question. The gentleman can offer his amendment. I have answered the gentleman's question in respect to the capital-stock tax, and I have frankly given to the Committee of the Whole, impersonally, my view on that subject. If they want to cut out food, I am with them. I think every member of the committee would be with them; but you must substitute something else, and the only substitute that will bring in a substantial sum of money is reviving that tax which was imposed during the war. That is simply a suggestion upon my part.

Mr. BOLAND. I appreciate the views and frankness of the gentleman, and I desire to state that I shall offer such an amendment.

Mr. McCORMACK. There is another provision in the bill which I think should be corrected, and as corrected will be an improvement which will bring greater satisfaction generally. I do not like to see a 10 per cent tax on amusements with only a 24-cent exemption. I favor a 50-cent exemption. Up to that amount admissions should be exempt. However, if you go below 50 cents, then I feel we should go down to 25 cents. That is the position which I have always consistently taken. The Treasury says that in excess of 50 cents the revenue would be \$33,000,000. I have received figures from other sources saying that that estimated revenue is low, that it would be approximately \$60,000,000. In any event, the theater and the movie are more or less a part of our home life. Remove them from the life of America or impair their use and benefits and you are taking out of each and every one of our lives some little thing which goes for personal enjoyment. It goes for diversion and pleasure. It goes for interest and education. The youngster saving his pennies, and even the poor family, the farmer, and all others who are struggling to keep their family together, like to go to the movies or have their children go. A 50-cent exemption is a fair proposition. When that matter is reached, consistent with the position that I have always maintained, I serve notice that I shall offer an amendment excluding the tax up to and including 50 cents admission.

I know that all of you will vote as your conscience dictates, but I think you ought to vote upon this bill rationally. I have heard arguments here that appeal to my emotion, and I have emotion just the same as all of you, but this is not a matter for emotional consideration; it is a matter for cold-blooded rational consideration. If you believe as I do, that the Budget should be balanced, and that it is necessary, or reasonably necessary, after two years of deficits to balance the Budget, then we have to face the task manfully. This of necessity is the best that we could suggest. Mark you, I say "of necessity." I am not wedded to this tax. I disavow it in principle. I denounce it as ever becoming a part of the permanent law of our land, but I predicate it now wholly upon the ground of necessity. I felt constrained to vote with the committee to put that into the bill, reserving to myself the right to try to correct it here and there by amendments which will not be fatal. If other amendments are offered, wiping that out of the bill in whole or in part, which convince me are better than the excise provisions, I shall support the same. But I will not support recommendations made by the Treasury if offered as a substitute. However, I will hesitate to substitute the judgment and recommendation of any individual member as constituting something better than the collective judgment of the committee, after eight weeks of hearings and executive sessions. I have not injected into this debate the views of Mr. CULLEN, Mr. SULLIVAN, and myself on the question of taxing beer, because, at this time, I do not want to put the wet and dry question into this debate. At a later time I will discuss that question. In this first instance, I wanted the members of the committee to report out a bill that would balance the Budget, even without regard to that important question.

Everybody knows my views. I look at that question liberally, and I respect the right of any man to differ with me. I respect the right of any Member possessing liberal views, but who represents a constituency which entertains dry

views, under the theory of representative government, to carry his constituents' views into operation and effect. I am not referring to it now, because my purpose at this time is to discuss the advisability of putting a bill through which will balance the Budget, and which we know is legal under existing law, and which will ultimately, if passed by both branches, become law. The question of the prohibition amendment will come up later, and we can meet that problem face to face, but as far as I am concerned there will be no sharpshooting. There will be no effort to put any Member in an embarrassing position by attempting to strike out a certain tax which is objectionable and put this in its place, and putting the Member in a position where "he is damned if he does and damned if he don't."

[Here the gavel fell.]

Mr. HILL of Washington. Mr. Chairman, I yield to the gentleman from Massachusetts five additional minutes.

Mr. McCORMACK. As far as I am concerned, it is a clear-cut issue. But I referred to that so that you will understand why I deliberately refrained from discussing it on this occasion, so that I may discuss the main question involved, the balancing of the Budget for 1933.

We are a jury. We are a jury of the American people. We have to perform that duty in a steadfast manner. Evidence has been presented to all of us and we are sworn to perform our duty, in accordance with our oath of office, for the best interests of the American people of to-day and to-morrow. We have our difficult problems in our generation.

Past generations of Americans had their difficult problems, and they decided them in their day in such a manner that we enjoy the country that we have to-day. Are we going to be false to the trust that has been placed upon us by the past generations of American citizens? Are we going to say that we of to-day will fail to perform our duty and that we are false to the obligation placed upon us by the past generations, to preserve that which they built up and to improve upon it for the benefit of future generations of Americans? As far as I am concerned, I am going to perform my duty as I see it, distasteful though it may be. I am going to try to perform it in a way that will be for our best interests, and for the best interests of the generation to come. Not only must we safeguard the efforts of past generations, but we must assure to the future generations unimpaired those great institutions of government that we inherited. Speaking for myself, I am prepared to meet the issue.

America has had these crises in the past. We had one in 1837; we had another in 1873; we had another one around 1890; in the early 1900's; and we had one in 1920 and 1921, although a minor one, and we have this depression. And every time we came forth, our wealth increasing, our people confident, possessing that fine feeling of individuality upon which our country is predicated. Abuses there are which must be corrected, but I have faith in America, and if we are to continue to have faith in America, we of to-day must perform our duties in such manner as our forebears performed theirs in their time, and in such manner as will ultimately reflect credit upon ourselves, our people, our country, and which will command the respect, admiration, and appreciation of the future generations in the recognition of a duty well done. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. SIROVICH.]

Mr. SIROVICH. Mr. Chairman, ladies and gentlemen of the committee, at the outset of my remarks I desire to pay the tribute of my respect and homage to the genial, gracious, and generous acting chairman of the Committee on Ways and Means, Mr. CHARLES R. CRISP. He has worked earnestly, assiduously, and indefatigably as a patriotic American in trying to formulate a bill that will balance the Budget of our great republic, and as a worthy scion of his illustrious and distinguished father, a former Speaker of the House of Representatives. [Applause.]

In paying my respect to the distinguished acting chairman, I am not unmindful of the magnificent contribution that his predecessor in office, my beloved colleague, the Hon. JAMES COLLIER, rendered in working so loyally and conscientiously in the performance of his duty. [Applause.] So loyally did he labor in the quarry of service to our country that nature took its toll from him, until he found himself lying prostrate and helpless, the victim of overwork in his love and patriotic devotion to the service of our Republic. That God Almighty may prosper him and help him to be restored to full possession of his health is, I am sure, the sentiment of every Member of the House of Representatives. [Applause.]

To balance the Budget and levy taxes that must be unwelcome everywhere is the obligation that has fallen upon the shoulders of every member of the Committee on Ways and Means. Whether we agree with them or not, I am sure every Member of the House respects and admires the men for their courage and for their fidelity to their work. [Applause.]

The mysterious power that rules the universe reveals Himself to mankind in three mystical and mysterious ways: 1. Through the life of the universe, which we term nature. 2. Through the thoughts of man, which we term art. 3. Through precision and exactness of mind in correct thinking and observation, which we term science.

The study of nature, art, and science constitutes the culture and civilization of the world. From time immemorial this knowledge has been bequeathed to mankind through the medium of the stage. The stage is a mirror in which the life of a people is reflected through the drama. Nations prosper as the drama prospers. We have different kinds of drama—comedy, farce, tragedy, and melodrama. Each has a following that appeals to millions.

In the bill to provide revenue, equalize taxation, and for other purposes there is a tax upon the spoken drama and motion pictures. To tax the theater industry 10 per cent while most others pay only 2½ per cent is unjust and unfair. The theater tax is a tax upon culture and education. Forty-two per cent of all the spoken-drama theaters throughout the United States to-day are closed. Over 50 per cent of all actors and artists employed in the theater are walking the street, helpless, hopeless, and despondent. Of 20,000 musicians in the theater, less than 10,000 are at work to-day, and in New York City only one-third of them are engaged. Forty per cent of stage hands, electricians, carpenters, and dressmakers are working in the theatrical profession. The balance, 60 per cent, are helpless derelicts that have been swallowed up in the sea of economic depression.

The spoken drama for centuries and centuries has kept up the morale of the people. Radio and television are depriving the spoken drama and motion-picture industry of hundreds of thousands of customers. Radio appeals to the ear and television to both the eye and ear. This medium, besides the economic depression, has been responsible to a large extent for closing 5,000 motion-picture theaters in the United States. Motion-picture stock that a year ago sold at \$75 is down to \$3 a share, while many other motion-picture stocks that sold for \$60 and \$90 are down to \$2 and \$4 a share. Does this show a prosperous condition in the theatrical profession?

The total income from admission tax for 1930 from prize fights, concerts, musical dramas, and the spoken dramas was \$4,230,000. For the year 1931 it was \$1,845,000, a 40 per cent fall in income. Is it just to operate upon an anæmic industry like the spoken drama that is already terribly afflicted with the cancer of depression? In European countries the theater has never been taxed because the power to tax is the power to destroy. In almost every country in Europe, as well as in South America, theaters are subsidized by the Government to keep up the morale, courage, and education of the nationals of those countries. The least that the United States should do is to take its hands off the amusement enterprises of the people that mean so much to the great masses of the citizens of our Nation.

The largest motion-picture theaters, as well as the spoken-drama theaters, in various cities of our country are to-day

in the hands of the receivers. When you take away the theater from a city or town, you take away its heart, leaving its inhabitants lifeless and pulseless. Why not put a tax on the sale or lease of motion pictures directly? Then you place the tax at its source instead of upon the shoulders of the poor and humble whose only form of recreation is the theater and motion picture? [Applause.]

There is another great evil which is afflicting the spoken drama in the United States. The tragedy of this evil has come before me as chairman of the Committee on Patents and Copyrights.

In considering proposed amendments to the existing copyright law and revisions of the same, the House of Representatives Committee on Patents and Copyrights, of which I have the honor of being the chairman, has been conducting a series of hearings at which have appeared representatives of newspapers, periodicals, magazines, and various literary, artistic, musical, motion-picture, and dramatic interests who are vitally concerned in many of the proposed changes of the existing copyright statutes.

Congress meets not merely to pass legislation but to consider the general welfare of our country and the well-being of its individual citizens in all of the channels of trade, industry, and commerce, which afford them a livelihood. No matter of paramount interest is foreign to the ears of the Congress of the United States.

Therefore, in considering any great artery of human endeavor through which thousands upon thousands of our citizenry are engaged in making a livelihood, we need offer no apology in lending an ear to any protests that are made in good faith and are apparently founded in fact. [Applause.]

In early history development of constitutional institutions in England, upon which our Government is largely patterned, requests for legislation or relief of any nature were initiated by petitions to the King and later on to the House of Commons. Even to-day, in the CONGRESSIONAL RECORD, Members in both Houses of Congress present petitions of sundry citizens of their various constituencies requesting not merely relief in legislative fashion but advising the Members of the Congress of the United States about conditions in various portions of the country and in divers industries in which they are engaged.

I present, therefore, to the members of this honorable body, Mr. Speaker, ladies, and gentlemen, in as impartial a fashion as I am capable, conditions relative to the legitimate drama and theater in the United States which have come to my attention as chairman of the Committee on Patents, Copyrights, and Trade-Marks.

The theater is one of the oldest of our social institutions. Along with the institutions of religion and that of the family it forms a trilogy which finds its counterpart in the earliest writings of recorded history. The theater and the drama have had their bearings deeply in the roots of all civilizations and comprise a considerable portion of the classical literature of ancient Greece and Rome.

I do not propose to trace the history of the theater or to emulate the great creative minds that have been devoted to it throughout the centuries, but suffice it to state that the theater in modern America is not only one of our great institutions, a great source of popular entertainment and a tremendous focus of social life appealing to millions of men and women throughout the length and breadth of our land, but a vital economic institution as well. A genuine business—a business financially interrelated with a great many industries, giving employment directly and indirectly to hundreds of thousands of our population. In these times of economic depression we should give heed to any protests which are made concerning the depreciation of any of our economic institutions and any suggestions which are de-liberated upon in good faith for the improvement of the same. [Applause.]

The theater is definitely one of the great businesses of our country. I do not allude to the theater as a form of artistic expression or even as an agency of pleasure giving to the public or as a social institution, but I am viewing it

from the angle of cold reality as a business which employs actors, stage hands, musicians, electricians, carpenters; which needs scenery, costumes, wardrobes; which occupies buildings, giving rent to landlords and, in turn, taxes to the State; and which indirectly utilizes every known agency of transportation and commerce in this country. I speak for the dependent millions who look upon the theater as a source not merely of entertainment and inspiration but of real livelihood. [Applause.]

Disinterested observers of the legitimate theater in America prior to the period of economic depression witnessed the gradual decline of the importance of the spoken drama as a form of entertainment in this country with the development of, first, the silent motion picture and then the talking picture and the concomitant evolution of the radio and presently of television. The speaking stage has been assailed on many fronts. In the first place, the great economic power of the motion pictures took the finest talent both in form of players and playwrights from the legitimate theater. The economic gains in motion-picture and radio work have been so enormous that they have veritably dwarfed, for talented persons, the value of the legitimate stage as a source of economic income. When the depression and the decline of prosperity in this country visited us in the fall of 1929, the legitimate theater had already been subject to many adverse forces which were disintegrating in character.

The depression has not aided the cause of the legitimate theater, especially when we consider the enormous competition of motion-picture and radio productions. The legitimate theater has had to face the tremendous fact that in America people simply have not had sufficient money to patronize the productions of the spoken drama in large enough numbers to make it universally profitable. The theater, being a luxury, was more deeply affected than a great many of our other economic institutions. Along with these factors was the ever-prevalent one of the real paucity of good plays. The theater, while it is a tremendous business, is affected by all the temperamental motivations that characterize any form of artistic endeavor. There is not the same stabilization in the products of the theater that one can find in industries dealing in staple commodities. Public taste, individual preferment, changing fashions in the types of plays most loudly acclaimed by the public are incidental factors that no human mind can either foresee or completely control. The enormous artistic success, beautifully produced and fully conceived, may be a tremendous box-office failure, while a play appealing to the lowest of human passions, overfilled with suggestive lines, and seething with vulgarities may, in the effective phraseology of theatrical vernacular, "turn them away every night." Those forces are uncontrollable. They have worked profoundly for the retardation of the legitimate theater in America.

Another group contends that the difficulties of the theater find their origin in the vast perversities of the people who control the destinies of the legitimate theater. That there have always been controversies between those who criticize and those who are the subjects of criticism is elementary, but in no other field have the forces been so thoroughly embittered against each other as those of the legitimate drama and the critics of the same employed by newspapers and periodicals.

The protests that have come to your committee and myself as chairman of such committee may be briefly summarized in the following fashion: That the legitimate theater finds itself in dire straits; that a great many producers of the spoken drama are either in actual bankruptcy or are on the verge of it; that rows upon rows of theaters are dark, vacant, and empty; that literally tens of thousands of our men and women who are directly or indirectly employed by the theater are idle or in want and penury; and that these conditions of the legitimate theater are chiefly attributable to the malicious, wanton, unfair, and abusive criticism of these dramatic critics. That is the view given to me in the form of official petitions, in the form of protests by the men and women of the spoken stage.

The dramatic critics, on the other hand, are extremely hostile and antagonistic in their views. They agree with the producers of the legitimate theater that the spoken drama is and has for a long time been in a bad way. They attribute the steady decline of the legitimate drama not to their own criticism but to the lack of judgment on the part of the business men of the theater and the types of plays which they have produced. They charge a great many producers are irresponsible people with no training in the arts of the theater, no acquaintance with its history and traditions, and no sympathy with its ideals. The dramatic critics contend that they are the real custodians of the high ideals of the theater; that the reason that the spoken drama has lost its popular appeal is that these ideals have been sold by the producers for a mess of pottage.

Dramatic critics have the power to either make or break a play. To the vast majority of those who patronize the theater the verdict of the dramatic critic is final. The critic is the ultimate arbiter of the taste of playgoers throughout the Nation. Therefore, an all-powerful weapon is delivered into the hands of the dramatic critics of our country. When we consider the amount of money, effort, skill, and time that go into the making of the average play before it is finally produced, that it must be presented in smaller communities before it finally reaches the great centers of population like New York and Chicago, that whether or not this enormous investment will turn out to be a success or failure depends on the whim and caprice of the dramatic critics, I say that it is only fair to ascertain from the facts whether this enormous weapon has been utilized by the dramatic critics in an honest, fair, and impartial manner and in accordance with the highest ideals that have motivated all artistic criticism from the beginning of time.

What then are the facts in the case? Let us take New York for example: New York is the greatest theatrical center of the Western Hemisphere and regarded by some people to-day as the greatest theatrical center of the world. In metropolitan centers the press is powerful and employs critics at the highest salaries ever paid to men in that field. These critics hold the fate of at least nine out of ten dramatic productions in the hollow of their hand. Upon their ipse dixit depends whether or not a producer's effort shall have been in vain and whether or not his entire monetary investment shall have been wiped out. After tireless months of effort opening night arrives in a New York theater. Actors and actresses on the stage, the manager and the producer himself, his eyes bleary from lack of sleep, look for a sign of comfort in the faces of the critics as they languidly enter the theater. The next morning the verdict of the jury will be out and will seal the fate of another dramatic production and will declare whether or not it will live or die. Endowed with this power of life and death over a dramatic production, have these critics outlined their power in accordance with standards that have universally prevailed in the field of criticism. Let us see.

What are the historic standards by which honorable criticism should be guided? The first and foremost standard shall be that of fact; the honest reporter reports the facts as he actually finds them without prejudice, without coloration, and without edited opinion. [Applause.] Criticism has always existed. It is parallel with the growth of the drama throughout its long history. The real founder of criticism was Aristotle who, in his *Poetics* written about 323 B. C., laid down certain basic requirements for all dramatic theory. He held, for instance, that real tragedy "should be an imitation of an action that is serious, complete, and of a certain magnitude." In the Roman period, the poet, Horace, in his *Poetica*, written about 10 years before Christ, followed the Aristotelian theory. These two classical writers served as models for all types of artistic criticism prior to the revival of learning and the Renaissance.

It is amusing to notice that the first satire on critical criticism was made hundreds of years before the Christian era by the Greek playwright, Aristophanes, in his immortal work, the *Frogs*. Even in those far-distant days, it seems

that playwrights and critics were already born enemies. The real difficulty is that most criticism is really subjective, and that most critics regard the objects of their criticisms in the light of what they would wish to see, rather than what they actually see. The late Earl of Balfour, the great English statesman, aptly stated in a lecture on Criticism and Beauty that the same work of art which moves one man to admiration moves another man to disgust. What arouses the enthusiasm of one generation leaves another hostile or indifferent.

The great standards of criticism that have been universal from time immemorial, especially as applied to the legitimate theater, may be enumerated as follows:

First. An accurate statement of the facts.

Second. A mature consideration of the play criticized.

Third. An impartial view of the offering, not from the personal standpoint of the critic but from that of the universal standards of the theater.

Fourth. Not mere condemnation but constructive suggestions for the playwright and producer as to how the play might be remedied and some of its apparent faults corrected.

It is related of George Bernard Shaw, who incidentally wrote *Fanny's First Play* in criticism of the critics, that in his younger days, when he was a dramatic critic, he sometimes devoted an entire week in preparation of his article of criticism. When we consider Mr. Shaw's strong individualism and his own closely held ideas of the theater, it is a fine commentary on his high character and intelligence that he devoted himself faithfully and impartially to characterizing the work of other men. [Applause.] For four years he was one of the major critics of the London theater, and his dramatic criticisms stand among the great literary efforts in that field in our time.

In addition to these standards which are universal in nature, it is only fair to require of a dramatic critic that he possess certain personal qualifications. It is simple justice to expect that man, who by turning his thumbs down can blast the hopes of a playwright and ruin the efforts and investment of a producer, should be familiar with the literature of the theater, the history of the drama, and also the bulk of dramatic criticism that has been written in the past. He should know something about the Greek, the Elizabethan, the Restoration comedies, the great French and Spanish dramas. He should be familiar with the leading treatises on scenery, lighting of the stage, as well as books on acting itself. He has represented to the public that he is an expert and that by his expert advice it should be guided. Just as a physician or lawyer, by exhibiting a shingle in public, represents a minimum of learning in a professional capacity, so should the dramatic critics be guided by definite standards and be possessed by a modicum of basic equipment.

Have their representations to the public been true or false? What are the facts? We find among the dramatic critics, as among all other types of men, the highest rung of human intelligence as well as the lowest. Just as in music there are eight notes in the scale and different gradations between them, so among dramatic critics there are the high and low notes. Some men are very admirably equipped for their works—men of great culture, fine training, deeply versed in the arts of the theater, widely read in its literature, abreast with the latest developments of dramatic scholarship in this country and on the Continent as well, honest and conscientious in their efforts, fair to the public and producers alike. There are others, in the main young men, cynical, obsessed with that type of inferiority complex which finds its outlet in attempting to tear down the works of other men. They mistake wise cracks for criticism and substitute smart-aleck comments for culture and scholarship. They view their functions as critics from a destructive standpoint. They consider that night in the theater only well spent which finds its sequel in the terrific abusive panning of the play in their criticism on the following morning.

They are flippant, irreverent, frequently misguided by a false sense of what they regard as wisdom. They belong with the school of literary critics who believe it is smart

to deprecate, and only deprecate. Their professional standards are equally low. Instead of conscientiously reporting the play, they generally appear long after it has begun and leave a considerable period before it is finished. They know that a play is bad even before they have seen it, and they come merely for the formality of confirming their preconceived notions. These are the critics who are untrue to their employers on the newspapers, unfair to the credulous public, unfaithful to the trust reposed in them, and, above all, unjust to represent the great American newspapers that they disgrace with their abusive criticism. [Applause.]

I would not want to be regarded as applying the term of dramatic critic of even the lowest form to the type of columnist who have made their appearance in the past few years and who live on the lowest type of dung, who subsist by bandying gossip about individuals. It is a sacrilege to apply the term of dramatic critic to these men. They deal in the lowest and vilest type of human talebearing, and their work and success is based on their sadistic desire to derive pleasure and happiness from the anguish, pain, and humiliation they inflict upon men and women pilloried in their column. These men are not dramatic critics. It would be unfair to even the lowest form of dramatic critic to so regard them. They are a passing phase of mental depravity which all good men and women in and out of the theater hope and know will soon fade out of the picture.

At the highest rung of American dramatic critics stands a most unusual gentleman, a man with a great many of whose views I am in disagreement, but for whose character, idealism, and scholarship I have the highest respect. He is an eccentric individual of the most pronounced type. He really belongs to the school of philosophical anarchists who adhere to no given law. He has established standards for the theater that are really unattainable. He believes in art for art's own sake. His aesthetic and artistic standards give him that isolation of eminence which can never be approached in real life. George Jean Nathan symbolizes, to my mind, the highest idealistic standards obtainable in the spoken drama. Perfection—who can achieve that ideal? To really satisfy his aesthetic tendency we should have a specially endowed theater; but I am fearful if this endowed theater ultimately reached the high standards set by Mr. Nathan he would then have evolved an even higher set of standards.

With this type of mentality no one can seriously quarrel. It is like sailing out for miles on the Aegean Sea to view Mount Olympus. We know that the mountain is there, but we can not reach its heights. Peculiar and elegant, Mr. Nathan's genius is not that of reality. It is, however, that of an honest, able, fearless, and courageous critic. [Applause.]

Many years ago Mr. R. M. Sillard wrote, in the *Westminster Review*, concerning theatrical criticism, volume 150, pages 639, 640:

We have, it must be admitted, a great deal of negative criticism nowadays. It is generally of the hyperemic school. The hyperemic critic is always young, inexperienced, sanguine, self-reliant. He does not understand the sound weight and meaning of words. He is as irresponsible with his pen as a boy with a new revolver. He feels it is a duty to kill or maim something. To praise a play means weakness or want of knowledge; to find fault is wisdom or superiority.

That is the chief fault I have to find with the present-day crop of dramatic critics. Assuming good faith on their part, I find that their criticism is totally negative, destructive, and abusive. They derive an ineffable degree of joy from tearing down the works of other men, and I say in all fairness that he who sits in judgment on the labor and lifeblood of his fellowmen, should do so in a spirit of justice and fairness and should himself first be judged. [Applause.]

Can anyone seriously quarrel with the minimum standards that I have set forth above? Very recently a great American critic wrote a book in which he scored incompetent dramatic critics more scathingly than any producer, author, or actor has ever done or than your present speaker himself would ever dare do. Let me read you what he says:

It is not to be gainsaid that the word "criticism" has gradually acquired a certain connotation of contempt. Everyone who expresses opinions, however imbecile in brain, calls himself a

"critic." The greater the ignorance, the greater the likelihood of his posing as a critic. * * * It is commonly believed that the first virtue of a critic is honesty. As a matter of fact, in four cases out of five, honesty is the last virtue of a critic. As criticism is practiced in America, honesty presents itself as the leading blockhead the more honest he is, and as a consequence the criticism of these blockheads, founded on their honest convictions, is worthless.

Mr. Chairman, ladies and gentlemen of the committee, the author of these words is not a producer, not an enemy of dramatic critics, but himself, by common consent, the leading dramatic critic of our times. The high priest of the intelligentsia of the theater, Mr. George Jean Nathan. These views are from his book *On the Critic and the Drama*. I agree with him. [Applause.]

In an article in the *New York World-Telegram*, on the 2d day of March, 1932, Mr. Nathan concluded his vitriolic statement on dramatic criticisms stating:

The theater is an institution in which dramatic criticism worth its salt takes a high and proud interest, and taking this high and proud interest it is incumbent upon it to ridicule out of it, to cannonade out of it, to murder out of it all its mountebanks, shysters, and pretenders.

Taking Mr. Nathan's statement as a test, and ever mindful of the all-powerful rule of dramatic criticism in the life of the legitimate theater, and recalling the myriads of men and women whose living out of the theater is subject to the beck and call of these dramatic critics, I say to this distinguished and preeminent critic, George Jean Nathan, as the outstanding spokesman of his profession, that the time has now come, the moment has now arrived for him to ridicule out of it, cannonade out of it, murder out of it all the mountebanks, shysters, quacks, and pretenders who are to-day masquerading as dramatic critics and disgracing a profession that could render just, fair, honorable, and deserving dramatic criticism to our American people. [Applause.]

Mr. DIES. Will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. DIES. I want to call the gentleman's attention to some newspaper articles to the effect that the Patent Committee is consuming its time in investigating critics, carrying on a foolish inquiry, and neglecting the important problems pending before that committee.

Mr. SIROVICH. The distinguished gentleman knows that our committee has been meeting for almost 40 days and has been listening to magazine writers, to the Authors' League of America, to the dramatists of America, the illustrators and writers who have come before our committee asking us to do justice for them. Our committee has tried to bring out a copyright bill that will emancipate the authors and dramatists and bring justice to them. [Applause.]

Mr. BOLAND. Will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. BOLAND. What would the gentleman from New York substitute if we eliminate the tax on theater tickets?

Mr. SIROVICH. Well, my dear sir, as one who never drank in his life any intoxicating beverage, I say that if we could legalize the principle of beer and tax bottled beer and do away with all saloons in a way that they may never come back, we could raise \$500,000,000. This gigantic sum, plus rationalized taxes, would easily balance the Budget and wipe out our deficit.

Mr. BOLAND. I am with the gentleman there.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. DIES. Will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. DIES. In view of the statement that has been made in some newspapers that the Committee on Patents is wasting its time investigating the critics, I want to call the gentleman's attention to the fact that, as the gentleman well knows, at this moment there are 180,000 applications pending in the Patent Office and that many applications have been there for 10 years.

Mr. SIROVICH. And 15 and 20 years.

Mr. DIES. And industry is vitally interested in the matter, because it is a known fact that if many of these in-

ventions were to be put upon the market they would give employment to hundreds and thousands of American workmen, and the Committee on Patents has been diligently going into the matter for the purpose of expediting the final action on such patents in order that we may give to labor and to industry what we think they are entitled to.

Mr. SIROVICH. And to supplement what the distinguished gentleman from Texas has stated, these authors, dramatists, and novelists who have never owned the product of their own minds, who have given to the world their intellectual fruits, have never had even the copyright in their own name. You talk about the kidnaping of Lindbergh's child, talk to the authors and novelists and dramatists who came before me here and before our committee, and you will see how the product of their intellectual genius has been stolen and kidnaped by others. Article I, section 8, paragraph 8, of the Constitution of the United States provides that Congress shall have the power to promote the progress of all useful arts and sciences by granting to every author and every inventor for a limited number of years the exclusive right to his writings and to his discoveries, and I want to know if a dramatic critic can come in, like an assassin, and only stay for one act of a play, and in 30 minutes write a criticism that will destroy the heart and the soul and the genius of an author who took years to give birth to his intellectual offspring. American public opinion demands justice and fair play to the authors, dramatists, composers, novelists, and actors who are giving of their to-day that humanity may enjoy its to-morrow. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I wish to approach the subject of this tax bill in a rather different manner than has been done by most of the other speakers, but would also emphasize the necessity of this new sort of tax legislation at this particular time.

It has been my custom occasionally to tell those of my constituents who have been exempt from payment of the income tax that they have been extremely fortunate in having so small a Federal tax levied against them; that we raise about half a billion dollars from revenue taxes which fall chiefly on smokers of tobacco, half a billion from the customs, and half a billion from miscellaneous sources, but that the balance, amounting to some two and a half billions of dollars, is taken from 3 per cent of the people, the wealthy class. These live chiefly in eight States of the Union. Forty States can boast that the collection of money for the support of the Federal Government has affected them very little. The expenses of our Government has heretofore been very largely met by one-sixth of the States. We have taxed efficiency. One reason given by Canada for adopting the manufacturers' tax was that under the income tax it had been found that they were placing altogether too large a tax on efficiency; that the unsuccessful competitor did not pay a tax on income, and in consequence the efficient one had to pay taxes for both, which was not fair. It alike discouraged efficiency and took from the successful manufacturer large amounts which otherwise might have gone to extend his business. They were taking for general governmental purposes too much money needed in industry.

I often wonder why we can not adopt the Federal method of graduating taxes within our own localities. Why not have our local assessors, under a similar plan, pick out some 3 per cent of the people in our communities and assess practically all the tax on them? Then the other 97 per cent would be happy!

"How could it be done?" Why, exempt the small house valued at \$3,500. Then take the \$5,000 home and place a low rate on the additional \$1,500. A \$10,000 house would naturally have a higher rate on the extra \$5,000, and so on. When you find a man with a \$50,000 residence, take it by such graduations up to \$50 a thousand, and if one dares to have a \$250,000 mansion, take at least half of it. To have such an expensive house the owner must be a wealthy man and probably competent in his business. Of course he should be able to pay the tax under the Federal theory. Yet would not this be truly ridiculous?

How fortunate 40 per cent of the States have been heretofore. How little the conscience of Senators and Representatives from those favored States have been troubled when they demanded special and immense expenditures from the Federal Treasury. They can safely face their constituents and point out that they paid but little of this money in taxes for the support of the Government.

These Representatives are accustomed to maintain that the people of wealth live chiefly in a few States and therefore those States should be called upon to pay the lion's share of the Federal taxes. I say to you that if our wealthy citizens were distributed equally throughout the whole 48 States the Representatives of each one would feel a different sort of responsibility than is at present the case.

If my State has ten times the wealth of yours, we should be, and are, willing to pay ten times as much in taxes, but we should not be willing to have a law enacted which will relieve the one altogether and place the burden for both on the other. That is the way the graduated tax really works out.

Your chairman has stated that the income tax is the finest tax ever devised by the brain of man. I am inclined to agree with him in the abstract and if it is properly employed, but we have made it utterly ridiculous. A few years ago I placed in the *RECORD* a statement made by one of the most prominent tax experts in the country to the effect that the income tax would eventually fall by its own weight. He showed that it cost the citizens of the United States approximately \$400,000,000 just to make their tax returns, and we all know what part the lawyer gets of any taxes which he helps us to recover from the Government. We all know, too, what charges are made by expert accountants and bookkeepers whose services are necessitated by this form of tax. This official had had years of experience, both in private practice and public service, and he insisted that his \$400,000,000 indictment of the law was a true one.

We pretend to have a tax which is based on the ability of the citizen to pay, yet grant very little exemption to cover the cost of educating children, of extraordinary sickness within the home, or other vitally necessary expenses, making the exemptions arbitrary ones. We trust the taxpayer as to most of his bill but refuse to trust him as to such items or even give him an opportunity to prove the truth regarding them. There are many such indictments which can be brought against our income tax law and the way it functions—its anomalies, annoyances, and unfairnesses.

I wish to place in the *RECORD* to-day, as a matter of history, something from the debates of 1909, when the income tax was added to the tariff bill. Some one this afternoon said that we should not place any tariff on a tax bill, which may be true, but the Congress placed the entire structure of the income tax on the tariff bill in that year. From my reading of the debates I should judge that they little dreamed that we would to-day have the sort of tax we have. Of course, mention was made of a graduated income tax; but when it was spoken of, it was declared not a tax for revenue but a socialistic tax to level fortunes. They little dreamed that it would ever be the dangerous instrument which it has become or whenever, if ever, a socialistic or communistic party gains control of this Government how easily it could use this very graduated tax as a means of actually leveling fortunes. The debates of those days are most interesting. Much was said then about the sanctity of returns, and at one time we even went so far as to legislate regarding publicity of returns. The income tax, as it is now applied, seems to me to be utterly unfair.

I am glad to have an opportunity to-day to express my feeling about it, because we have now learned that it is non-dependable. You of those 40 States who have in the past been telling your constituents that they have not had to contribute very much to the expenses of the Federal Government now hear their cry of distress when the dependability of this tax to raise revenue is questioned; when it becomes evident that all the people must pay their proper and proportionate share for the protection of the Government—which is the true basis of all tax assessment.

Now, everybody must contribute. I like to use the word, "proportional." I do not want anyone to be made to pay more than his proportionate share. Everyone should appreciate the meaning in the word "proportional," and we should not descend only upon the efficient man of business and demand from him an amount entirely out of proportion to the protection granted him by his Government. We have had a peculiar viewpoint in our dealing with men of wealth. We do not criticize them when they invest vast fortunes in tax-exempt securities, by means of which we have ourselves provided a method of evading the law that enables many millions to contribute little to the Nation's revenue.

Some of you may remember when, a few years ago, we tried to get an amendment passed for reciprocal action between the States and the Federal Government, so that in the future each could levy against the other's tax exemptions. What did we find? After discussing the proposed amendment for many days we discovered that behind it was a determination to force all States to accept the income-tax theory. No State could share in the plan unless it first adopted an income tax. Under the guise of such a tax in the States the opposite result has come about. Such States adopt a low minimum tax rate; intangibles are removed from the general levy and are subject only to the income tax. The House of Representatives did that very thing the other day as to the District of Columbia. You left real estate to bear the burden, made intangibles practically untaxed, took them away from the assessors and gave special privileges to the wealthy class owning them. That is the way it has been done, too, in the various States which have adopted the income tax.

Intangibles which formerly paid the same rate as real estate, from \$20 to \$50 per 1,000, now pay \$3 a thousand, and then only when the income is earned. Why the people are still blind to this condition I can not understand. They have used the income tax in the States to avoid taxation. I see that the gentleman from Wisconsin is listening—he comes from the State which first adopted the State income tax. Others have followed, but have not always accepted the graduated tax theory. They surrendered to the owners of intangible property; yielded to a practical condition. They negated the theory that the tax was the fairest one yet devised—the theory that the people should pay in accordance with their ability to pay. We oblige the taxpayer to make a sworn statement and then send agents to look over his books to see if the statement was true. Our income-tax States did not, as a rule, demand sworn statements as to intangibles until their law gave them a low rate on such intangibles so that the taxpayer could afford to be honest at home and would not be tempted to move into some other State which would trust him.

How different are these State income taxes from the one imposed by the Federal Government? Yes; the income tax may be the fairest and best tax ever devised by the brain of man, but how cordially it is now despised because of the miserably unfair manner in which it has been applied in both States and Nation, with intangibles left untaxed by most States and the Federal Government overtaking efficiency in business and forcing a few States only to bear the major part of the burden.

Reverting to the rebates of 1909, it was pointed out that something ought to have been done "for the protection and equal rights of the people"—but let me quote from a speech made at that time by Congressman McCall of my own State.

So, Mr. Speaker, while they say that they desire this power for time of war, we see to-day, in time of peace, an attempt to exercise the power to its utmost extent. And why not, then, limit it expressly to time of war? Why not, for the protection and equal rights of the people of New York and the other great States of the Union, five of which probably will pay nine-tenths of the income tax, although they will have only one-ninth of the representation in the Senate, why not preserve the limitation upon the power of the Central Government? Why drag every governmental power to Washington so that a vast centralized government may devour the States and the liberty of the individual as well? I say this amendment should be more carefully considered than it has been considered.

It is liable to go into the Constitution of the United States and be forever a part of the organic law in the form in which it has

been, I may almost say, extemporized or improvised. The character of the argument which has been made, that this tax is for use in the time of war, leads me to observe that the chief purpose of the tax is not financial, but social. It is not primarily to raise money for the State, but to regulate the citizen and to regenerate the moral nature of man. The individual citizen will be called on to lay bare the innermost recesses of his soul in affidavits, and with the aid of the Federal inspector, who will supervise his books and papers and business secrets, he may be made to be good, according to the notions of virtue at the moment prevailing in Washington. And, incidentally, and since every business secret in the country can be had access to by the authorities at Washington, the citizen may be made to see his political duty if you happened to have a President who confused the attainment of his ambition with the highest good of the universe, and was willing to abuse his power in order to coerce the citizen. You are creating here an ideal condition for corruption and for the political Jack Cade of the future to blackmail.

And so, Mr. Speaker, believing that this amendment, with no compensation whatever, does away with an important part of the great compromise of the Constitution, and that it is not limited to the emergency for which it is said to be intended, I shall vote against it. The amendment has not carefully been considered by a committee of this House or by anybody else in the United States.

Now that we are using a highly graduated income tax, the situation above predicted seems to have come about. A few States are now doing all the paying and have been utterly helpless. Thus certain of you may say to your people, "You farmers may well have \$500,000,000; you may have your Boulder Dam at a cost of \$325,000,000; the Federal Government may well assume all the bonds and the future expense of taking care of the Mississippi River. You are the people who have the votes to put such measures over. The other eight States that will pay most of the bills are helpless."

How often do you criticize New England, New York, and Pennsylvania for trying to stand up for their rights and having something to say about this iniquitous method of making them bear a disproportionate share of the burden?

The Federal Government has its proper field of taxation. You are coming back to it under this manufacturers' tax. The customs, the internal revenue, and the like are proper levies, but do not continue to come to my State, select a few citizens, and place all the tax on them.

I can not believe that our States fully understood the possibilities of what might happen, and has happened, when they ratified the sixteenth amendment to the Constitution, that—

Congress shall have power to lay and collect taxes on incomes from whatever source derived, without apportionment among the several States and without regard to enumeration.

Why did we not leave the income tax to the States? This form of tax is their proper field for raising revenue. The Federal Government should raise its funds from internal-revenue taxes, customs, luxury taxes, and limited sales taxes; and if more money is needed, each State should be assessed its proportionate share, as contemplated by the framers of the Constitution.

There are two words that our forefathers continually repeated and which should be sacred to us in making all our tax laws. One of those words is "reasonable." The other is "proportional." The original Constitution said that after we had raised all the money we could in our proper field of taxation then the several States should be called upon according to their population. We now agree that "population" should properly be changed to "according to their valuation." That would be acceptable.

When once I spoke of this method of assessment of the States by the Federal Government to meet a deficiency in the National Treasury one Member remarked, "Send the bill to my State and perhaps we will not pay it." As he was a Democrat, I merely replied, "We will elect another Andrew Jackson, then, and he will collect it."

At this particular time, when the subject of taxation is under discussion, I could not refrain from making these comments on the general subject of the income tax, both in the Federal Government and the States, and the abuses to which it has been subjected. Think of the owner of intangible property in your State paying 50 cents to \$3 a thousand and other citizens paying from \$25 to \$40 a

thousand on their homes. That is the condition existing in New York and certain other States.

It seems to me that the people of the nation should wake up. Perhaps the people of New York are satisfied with conditions because their present low rate attracts money from other States, such as Rhode Island and Connecticut, where there is a rate on intangible property of from \$3 to \$4 per thousand, and where they do not dare to demand sworn returns lest the money move to New York.

Our States use the income tax unfairly in untaxing wealth; the Federal Government uses the same form of taxation in placing an unfair burden on the citizens who had shown efficiency in business. I believe thoroughly in the tax if applied fairly and honestly by both State and Federal agencies, but I have to-day called attention to some of its abuses, which make it appear to our people to be unjust.

Particularly I desired to urge those 40 States to come forward cheerfully at this time and assume their proportional share of the present burden. It is a heavy one and must be assessed on the people of the entire Nation. [Applause.]

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. TILSON]. [Applause.]

Mr. TILSON. Mr. Chairman, it is not my purpose to attempt to explain any of the provisions of this bill. It is long and somewhat technical in some of its features, but the general purpose of the bill is clear. It means to raise by additional taxation revenues sufficient to make sure that the Nation's financial obligations are met and its bills paid. Anyone who heard or read the speeches of the gentleman from Georgia [Mr. CRISP] and the gentleman from Oregon [Mr. HAWLEY], delivered yesterday, and the two members of the Ways and Means Committee from Massachusetts [Mr. TREADWAY and Mr. McCORMACK], who spoke to-day, must be satisfied that the bill here presented is the result of the best judgment of 25 of the ablest and most experienced men of this House, who worked together in the finest spirit that it has been my good fortune to witness during my long service in the House. Appreciative of their fine work, I simply rise to announce that I shall support the bill to the best of my ability by word and deed, including my vote, when it comes to a final vote.

There was a distinguished Member of this House who served during the earlier years of my service here who made it his boast, somewhat facetiously, of course, but with much more truth than fiction, that he never failed to vote for any appropriation and always refused to vote for every tax. This would be a very pleasant way to proceed in our work here, if the easy way were always the right way. It is so delightful to say "yes" to everyone asking support for an appropriation for his benefit, and it is equally delightful to say to every constituent who fears that he is going to bear some portion of the burden that you refuse to vote for any tax burden to be laid upon him. I fear that there are still those who would fain follow this most obliging policy.

Anyone who heard the four members of the Ways and Means Committee whom I have mentioned as having spoken could not fail to recognize the deep note of earnestness in their speeches, in which they impressed upon the membership of this House the importance of balancing the Budget and what it will mean to the national credit and the national welfare should this Congress adjourn without making adequate provision for balancing the Budget. It was well said by one of them that all the other bills that we have passed in trying to relieve the situation during this depression will be futile unless this bill or some other bill that will serve the same purpose is also passed. The Budget must be balanced, and if it is not, the failure to do so will entail consequences so harmful in their effect that all the other bills that we have passed or may pass will be worse than nullified.

It appears to me that it is incumbent upon anyone who opposes this bill in its entirety or attempts to take from it any material provision—I mean any provision raising a

material amount of revenue—to suggest some substitute by which an equal amount of money can be raised. It has been made clear beyond a question of doubt that the estimate made by the committee of the amount this bill will raise is none too high and that it will require the last \$1,000,000 estimated in order to serve the purpose of balancing the Budget.

It is not necessary for one to declare himself unqualifiedly in favor of every provision of this bill in order to justify his vote for it. In fact one might justify his vote for the bill even though he disapproved its method of raising revenue in toto if it were impossible to pass any other bill that would balance the Budget. There are quite a number of provisions in this bill that I should have felt it my duty to oppose in committee with all my might. I should have striven mightily to substitute something else that would serve the same purpose better.

This would have been my judgment and I should have worked for such a substitute; but as I said at the outset, 25 able men sat together for weeks, and this bill is the result. Probably not one of the 26 would have written this bill just as it is, but it is a consensus of the judgment of these 25 men, and their judgment is entitled to our highest respect and most serious consideration. If we would overturn this judgment, then it is up to us to suggest something constructive in place of it, not something fantastic or impossible, but something feasible, something practicable, that will take its place and serve the same purpose. Yes, and the substitute must have one other quality, it must convince a majority of this House, so that it can be adopted.

I hope there will come a day when these heavy taxes may be removed. Most of them expire by limitation in 1934, but I hope there will come a time when the others that have been placed here without a time limit may also be eliminated.

For myself, I believe that in this bill, the return to the inordinately high surtaxes that were abandoned after the World War is a mistake. I think the rates have been raised beyond the point of producing the greatest amount of revenue. As here restored they will prove to be not only burdensome, but I think it will be found that we have gone even beyond the point of yielding the highest amount of revenue.

While the increase in rates may produce high returns in the first year, I am afraid that much wealth will be driven into nontaxables, and that in the end the law will fail of its purpose. In order to produce the greatest amount of revenue as well as to relieve an unnecessary burden, I think just as soon as possible we should go back to the lower surtax rate now in the law.

The estate tax is a tax that is very largely and properly used by the States. I am sorry that it has seemed to the committee necessary to go so high on the estate tax in raising the necessary Federal revenue. If I were writing the bill I should try to find something else to take its place.

The tax on admissions to theaters has been referred to quite frequently in the discussion. I have always been one of those who feel that while it is a tax on amusement to a certain extent, it is a kind of amusement that should be encouraged instead of being specially taxed. It is also a tax on education. Man does not or should not live by bread alone. The theater furnishes information, recreation, amusement, all most desirable; so I regret very much the necessity for having to place a specially burdensome tax on admissions to theaters over and above what we tax other equally legitimate business.

I hope that some day and soon we may come back to a time when these taxes may be eliminated entirely.

We should keep in mind this fundamental principle that the Government must be supported by the people. There is no other way in which the Government may get a single honest dollar except by taxation. It is the duty of the people to support their Government. It is not the duty of the Government to support the people, and we should not forget this when unusual appropriations are urged upon us. If we keep this fundamental principle in mind we shall not fail to recognize the necessity of balancing the

Budget. We shall also realize the chaos that will be produced in our financial system if we fail to balance the Budget.

Fully realizing the harm that is sure to flow from such a condition, we must avoid it at whatever sacrifice it may bring. I shall vote for this bill as it is or as it may be amended, unless it is so seriously mutilated as to deprive it of its revenue-producing qualities, and shall wait for a better day in the future, which we hope may be near, when at least some of the most burdensome and objectionable provisions of this bill may be eliminated.

There is nothing further I need say in announcing my purpose to support a bill containing many provisions that I wish might not have been included. These provisions are in the bill, however, and the importance of balancing the Budget is so great, so overpowering, that in spite of any and all things the bill contains to which I might find objection, I trust it may receive the approval of the Members of this House. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Chairman, the Ways and Means Committee have been trying for years to arrive at a peace-time basis of taxation. We have had four tax revisions since the war, and each time the hope has been expressed by the members of the committee that the time would soon arrive when we could write a tax bill on a peace-time basis; but due to the changing condition of national affairs, it seems as though we are almost as far from that vantage point as we were a few years ago. The urgent necessity of raising money has sent us back to the old tax trails. We have involved in this bill some of the taxes we removed under the designation of nuisance taxes, during the last three revisions of taxation downward.

I think it only fair to say that every member of the committee, on both sides of the table, or in the case of our table it is both ends of the table—my Democratic friends sit at the upper end and we, looking as pleasant as possible under the circumstances, sit at the lower end—but under the able leadership of the acting chairman, the gentleman from Georgia [Mr. CRISP] I think every effort was made to make this what he termed an American bill, a Government bill, and I agree with him that nearly every vestige of partisanship was banished from the sessions of the Ways and Means Committee. I will admit there was some temptation to cross-fire along those lines, but I think everybody realized the difficulties of the situation as presented by the chairman, and I think every member of the committee realized the necessity that faced us from the very beginning of looking upon the items in this bill as being emergency matters that ordinarily would not have been even discussed, much less presented, in a tax measure.

But the emergency was a "condition and not a theory," and we were impressed with the necessity of balancing the Budget, although I notice that some of my friends on both sides of the House during the last day or two of this debate have argued that there is no necessity for balancing the Budget, that we can just borrow six or seven hundred million dollars more and create more overhead in interest and in sinking-fund requirements, and just keep going right along. Of course, a continuance of the borrowing policy is unthinkable.

I presume the basis of their argument is that a bond issue of three or four billions is such a small proportion of the national wealth that it will not shake the confidence of those who are considering buying bonds in the future, and it will not in any way disturb the stability of the credit of the United States.

I journeyed along that primrose path myself for a while, and I said to one or two members of the committee, "The statement is made that the Budget, of necessity, must be balanced in 1933." "Well," I said, "I do not think the world is coming to an end in 1933, and if it does, then we shall have nothing more to worry about, for way out beyond that disaster is eternity. [Laughter.] In 1933 there will be over 120,000,000 people in the country who have to be clothed,

shod, fed, diamonded, radioed, automobilized, as they are now. They will not lose any of their desire for luxuries, and necessities they must have." So I said, "Wouldn't it be a reasonable proposition to balance the Budget by the close of 1934 and not levy too heavy a burden of taxation at this time?"

But after I heard the Secretary of the Treasury, Mr. Mills, make a comparison between the credit of the Government and the individual, I began to take a different view of the matter.

Let me at this time read a statement made by the now Secretary of the Treasury, Mr. Mills. It convinced me of the soundness of the policy of making expenditures and receipts balance.

Allowing for tightened money conditions and for all the unusual circumstances which surround us, there is no doubt but that some of the weakness manifested reflects the response of the investing public to the possibility that we may be confronted with a rapid increase in the public debt and in the volume of Government securities outstanding. There is fear of further huge grants to veterans, there is fear of major drains on the Treasury through uneconomic expenditures, there is fear of growing and unremedied deficits. All of this fear can be swept away only by adherence to sound financial principles and the development of a program of restricted expenditures and of increased revenues, which, if they do call for temporary sacrifices on the part of our people, will, in the long run, bring them infinite benefit.

In this period of deep uncertainty the unimpaired credit of the Federal Government is the most priceless possession of the people of the United States. We assume its existence as we assume the continuance of unlimited supplies of air and sunlight. It has been established through the pursuance of sound fiscal policy in the past and so must it now be preserved. The immediate cost in increased taxes is small in comparison with the immediate and lasting benefit to the Nation.

That is a statement that will win the approbation of the entire country.

At the risk of being tedious, I want to present some figures. Some of them have been given already. But I want to get these figures into the Record, because they were in the preliminary Treasury statement before we started in to write this bill. The program of balancing the Budget was the formidable task presented to the Ways and Means Committee; for at the end of the last fiscal year we had a deficit of \$903,000,000. It is estimated that the deficit at the end of the fiscal year of 1931 will be \$2,123,000,000. The estimates for expenditures for the year 1933 indicate that we will be short of revenue in the sum of \$1,250,000,000.

May I call attention to the fact that we had a surplus in 1928 of \$399,000,000? We had a surplus in 1929 of \$185,000,000 and a surplus in 1930 of \$184,000,000. In 1930 the total receipts were \$3,626,000,000; and of this sum \$2,411,000,000, about two-thirds of the total amount, was received from income-tax returns, corporate and individual.

Five hundred and eighty-seven million dollars of this sum was received from customs duties in 1930, and, of course, they have dropped off tremendously. Six hundred and twenty-eight million dollars was received from miscellaneous internal-revenue taxes, and, of course, that includes the big item of tobacco, which brought in \$450,000,000, and another item of \$69,000,000 from stock-transfer taxes and the other stamp taxes that are in the present law.

Of course, it would be unusual if I did not interject at this time a criticism of the tirade that is being made by my dear friends on the Democratic side of the House regarding the world depression and its causes. A very distinguished southern Senator, whose name under the rule I am forbidden to mention, made the statement on the floor at the other end of the Capitol the other day that the entire and only cause of the depression was this "unconscionable Smoot-Hawley bill." The distinguished leader on the Democratic side of the House, the gentleman from Illinois [Mr. RAINY], with whom I sat all during the preparation of this bill, made the statement to somebody on our side during the recent tariff discussion, "You can not reduce the rates in this bill, and we do not dare to lower them because our markets would be flooded with foreign merchandise." Here we have one Member saying that tariff has caused the depression, while another Member says that the tariff must stand as it is unless you want to aggravate the industrial depression in the country. One of these gentlemen is right. I

am willing to put their conclusions into a hat and label them one and two, and let my Democratic friends draw one out, but whichever one you pick out you will be sure you are wrong. [Laughter.]

The customs revenue is going to show a loss of \$209,000,000 in 1931, as compared with 1930. Yet our imports and exportations have not fallen off to a greater degree than in any of the other countries of the world. In fact, our imports have not decreased nearly as much as our domestic production has decreased, in spite of these tariff rates which you say are unconscionable. As a matter of fact, our receipts from all sources have fallen off from \$3,626,000,000 in the fiscal year 1930, to \$2,934,000,000 in 1931, a loss of \$1,530,000,000, and \$1,275,000,000 of this is loss as a result of lessened income-tax collections.

Expenditures for 1932 are estimated at \$4,400,000,000, and I heard my colleague, the chairman of this committee, yesterday deploring the fact that we had a Budget of such enormous size, and that we must do something about it, must reduce that tremendous amount of \$4,400,000,000 down to about \$3,000,000,000. Did you ever stop to take into consideration the fact that in performing an amputation on this Budget, in operating on it for reduction, you will not have your whole \$4,400,000,000 to work on, but you will have only about one-half of that, because \$2,000,000,000 in that item is a fixed charge, \$1,000,000,000 for sinking fund and interest on the public debt, and another billion dollars that goes for the care of veterans of all wars. There is \$2,000,000,000 which is practically a fixed charge. It does not make any difference whether you write the bill or we write the bill, whether you have the President or we have the President, whether you have a majority in the House or we have, that is a fixed charge, and you can not get away from it and you can not reduce it.

Oh, somebody says that you can reduce it, but how? By repealing pensions? Oh, yes; you could reduce pensions; but let us see you or anybody else do it. It can not be done. There is, as you see, a little over \$2,000,000,000 that the surgeons may operate on, decapitate, dehorn, or whatever other term you may use—dehydrate, perhaps, in these moist days—which is comparatively half of the Budget requirements.

The Treasury estimate suggests that the Government will be in the red for 1932 to the tune of \$2,123,000,000, as I stated. Last year we had this deficit of \$903,000,000. That is over the dam now and is charged back to the public debt. When we finish with this, \$2,123,000,000 of it will be charged back to the public debt, and, of course, that means just that much addition to a debt that we have been steadily reducing since the war days.

Our total interest-bearing debt up to this point is \$17,040,000,000. The entire debt on June 30, 1919, was \$25,485,000,000. During a period of 11 years, up to June 30, 1930, we reduced that debt by \$9,300,000,000. To be sure, we reduced it considerably beyond the necessity provided by the sinking-fund requirements of the law. We were able to do that because we had some surpluses, and then we sold a great many hundred million dollars worth of war material we had on hand, and we had a great many other assets that were available at that time, which, of course, will never be available again. We reduced the war debt when we had these surpluses, and I think it was the just and wise thing to do.

We had economists before our committee when we were considering a revision of the taxes who said that they did not think that we ought to reduce or remove any of these so-called war taxes just so long as there was a dollar of war indebtedness existing, and we had members of the committee who felt that every dollar that was surplus—and my friend from Iowa [Mr. RAMSEYER] was one of them—should be applied purely to debt reduction and ought not to be applied to tax reduction. But we took the pathway that looked primrosy at the time. As I have previously stated, we were struggling to get back to a peace-time tax basis. People were annoyed by the nuisance taxes, and we gradually removed them year after year until we left just a few stamp taxes in the last bill, and we came nearer get-

ting back to a peace-time basis than we had ever been before. The idea of many members of the committee was that there should be no tax in peace times over 10 per cent, and we tried at that time to cut the corporation tax down to 10 per cent but, of course, were unable to do so, and in this bill we have raised it to 13 per cent.

Now, in the past years—1924, 1926, 1928—when the committee sat together, we were reducing taxes. That is a much easier, happier, and pleasanter job than it is to sit in the committee and try to raise money. The Ways and Means Committee is not a popular committee with the country because we have to reach in and irritate the pocket nerve. We ask the people to pay. The Appropriations Committee is the popular committee, because their job is to allocate the money for spending purposes.

Now, I see my friend, who is chairman of the Committee on the Post Office and Post Roads, the gentleman from New York [Mr. MEAD], and I am reminded that we were anxious to raise some money by way of the postal route. If we had been able to do that, we might not have had to resort to this sales tax, but in his good judgment and the judgment of his committee, they decided not to do anything about it. We did not press it, recognizing our duty in the extension of comity in committee relations and realizing that we had no authority; but I do not believe the people of the United States, in an emergency period of two years, would be unwilling to pay a 3-cent postage rate. That would have raised \$150,000,000 for us. [Applause.]

While we have been raising taxes there has been quite a difference in the attitude of the committee. We sat around the table searching for every available tax that might add something to Uncle Sam's wallet. Somebody would say, "How much would that bring?" "Five or six million dollars." Then everybody would prick up their ears. When we were reducing taxes in 1926 and 1928 somebody would say, "What does that bring in as revenue?" Then a member would say, "Five or six million." Somebody would arise and say, "Oh, that is chicken feed. Let us cut it out." It was chicken feed when we were reducing taxes, but when somebody suggests something that will bring in seven or eight million dollars now, everybody gets it by the legs and drags it out and looks it over in an attempt to see what the possibility is of getting some revenue out of it. There is quite a difference between reducing taxes and raising taxes.

You can look back at the speeches of some of my Democratic friends on this side of the aisle, and you will find that they charged that we were not reducing taxes sufficiently when we had our revisions downward. The same gentlemen are now complaining that we are raising them too high.

(Here the gavel fell.)

Mr. HAWLEY. Mr. Chairman, I yield 10 additional minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. You will remember the statement was made frequently, and it has been made for a number of years, that the estimates by the Treasury Department were in error, that they were fallacious and there could be no dependence placed upon them, and that there would probably be a bigger balance in the Treasury than had been prophesied by the Secretary of the Treasury and that we might make much greater reductions than we contemplated. I think I can produce a dozen speeches made on the Democratic side to vindicate my statement. We felt on our side that we wanted to play safe and that we were going far enough. I think perhaps at this time the Treasury has been ultraconservative in the figures they have given us, as to the expected returns for 1932 and 1933. I hope they have been ultraconservative, because if they have, the plan we have provided at this time will be all sufficient, and if we have any money to spare we can then use it in paying our war debt, which is not provided for in this bill. I mean under the sinking fund requirements, the lawful requirements.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CROWTHER. I would rather not at this time, if the gentleman will permit me to finish my statement.

We had extensive public hearings over a period of three weeks. We listened to all the witnesses who appeared to oppose the Treasury program, and you are as well acquainted with their criticism of it as I am if you read the hearings.

What was the net result? We did not find anybody who appeared for all these individual industries who was willing to accept the Treasury program. Among the witnesses who appeared for automobiles, cosmetics, stock transfers, admission taxes, electrical energy, gas, and so forth, every one of them stood in front of the committee and said his business would be ruined if a tax was put on it. They said, "We can not stand it. We shall be ruined." But they all said, at least a half dozen of them said upon interrogation by the chairman of the committee, that they would be willing to subscribe their share to some general tax that everybody contributed to, rather than to be picked out, as they were, to bear the burden, with just 8 or 10 other special industries in the country. Many of them suggested this manufacturers' tax.

I have always been unalterably opposed to a sales tax; and I am not in favor of this tax simply because it is a tax somebody says the people will not know anything about, that they are not aware of the fact that they are paying this tax. That argument is not worthy of consideration. I am in favor of it because I do not think it will be burdensome or excessive. It is hedged around with a degree of protection, by the licensing system, that makes it almost impossible for the tax to be levied but once.

The gentleman from Missouri [Mr. LOZIER] brought something to my attention—with which I think we are all fairly familiar—in regard to the amount of tax added to a very considerable size sale, and that of necessity there would be an additional capital cost that might be pyramided. But that is open to argument.

I am of the opinion that no tax we levy is going to suit everybody and that it is going to be a little hardship for everybody. There is no dispute about that. This sales tax as contained in this bill appears to be a fairly equitable tax. If you do not buy very much, you do not spend very much in the way of a tax; but if you buy a great deal, you pay a tax in proportion. I do not see any very great evil in it.

We talk all the time about the rich getting richer and the poor getting poorer, and statements are made here in regard to multimillionaires. The statement is frequently made—and it has been made on the floor within the last four or five months—that in the United States there are 504 individuals who have incomes of over \$1,000,000, or a total income of \$1,185,000,000. They are truly impressive figures, and at one time those figures were correct. There was a time when the taxable income was \$1,185,000,000, of which \$700,000,000 were capital gains. However, the Government has revised those figures with the help of the crash in 1929, and now there are only 149 of those people in the country, and the \$1,185,000,000 has shrunk to something like \$350,000,000. So it seems the rich are getting poorer as the result of the recent debacle in Wall Street.

(Here the gavel fell.)

Mr. HAWLEY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CROWTHER. I want to say a word about one or two items in this bill in which I am interested from the viewpoint of protecting American industry, and in which I know Members on both sides of the aisle are vitally interested. Of course, I was not the least disturbed as to the very fine line of demarcation between a tariff and a tax, so I advocated a tax on imported oil, on its by-products, and on gasoline. The disastrous condition of the independent oil producers was my reason rather than excuse. [Applause.]

I also urged the placing of a tax on copper to take care of a condition which was described in letters to me as the most deplorable ever known in Arizona—the worst condition I have ever heard of in the history of the country. I never heard anything like it. With whom are our copper

miners in competition? With the Rhodesian and Congo negro laborers. Also with American capital that is invested in Chilean copper. I also tried to have an amendment inserted to cure the error in the differential rate that has closed some of the sugar refineries in the United States.

There have been displaced 441,529 tons of United States production of refined sugar in 1931 by reason of the receipts from the islands and foreign countries. It is calculated that this means less wages in the United States, less use of materials, containers, fuel, and power, and less value of product, as shown in the following table:

Receipts in 1931 from—	Tons	Wages, materials, etc.	Value of product
Cuba.....	320,987	\$6,000,000	\$35,500,000
Porto Rico.....	72,314	1,350,000	8,000,000
Hawaii.....	9,720	180,000	1,000,000
Philippines.....	32,009	600,000	3,500,000
Foreign cane and beet sugar.....	6,499	120,000	700,000
Total.....	441,529	8,250,000	48,700,000

Millions of dollars have been lost to mainland industries by reason of less wages and less use of materials, machinery, tools, leather and rubber belting, packing, oils, grease, sundry supplies, and other articles. Taxes and other items of expenditure also are involved.

For more than a century refined sugar had been protected by a United States customs duty like other manufactured articles. When the tariffs of 1913 and 1922 were enacted, Cuba exported sugar only in the raw state. No foreign refined was available for importation into the United States, except that subject to import duties 25 per cent higher than levied on Cuban sugar. Shortly prior to the act of 1930, the refining of sugar by United States interests in Cuba for export to this country was begun on a large scale. Under the stimulation of the new tariff that industry is now rapidly expanding.

Congress failed to consider that conditions of competition were drastically changed when the duty was increased in 1930 to 2 cents a pound on Cuban raw sugar and to only 2.12 cents a pound on Cuban refined; nor did Congress take into account, in spite of protests, the fact that a domestic refiner must import 107 pounds of raw sugar to make 100 pounds of refined sugar and thus pay \$2.14 in import duties for every 100 pounds of refined sugar he produces, while 100 pounds of refined sugar from Cuba would be admitted for \$2.12.

Of course, that was a palpable error and should have been corrected in the bill. It is gradually closing the refineries of the United States. Two large ones closed in Yonkers, N. Y., a month ago, and 1,800 men are walking the streets and losing a pay roll of \$76,000 a week. In Revere, Mass., there is a large sugar refinery. There are one or two in the great State of Texas; there are some in San Francisco; they are located in Louisiana, in Philadelphia, and in Boston, and they are in various sections of the country. Three hundred million dollars is invested in sugar refineries in the United States. The lowest wage paid is \$5.80, and they pay as high as \$11 a day. They have an annual pay roll of \$80,000,000. This industry finds itself hard pressed because it can not compete with imported refined sugar under present conditions.

Let me show you how sugar has come in by leaps and bounds from Cuba—refined sugar. These importations are for 9-month periods in the several years. In 1929, 170,000 long tons; in 1930, 194,000 long tons; and for nine months of 1931, 249,000 long tons; increasing at the rate of 24,000 tons in 1930 and more than double that increase in nine months of 1931, or 55,000 tons.

A word picture has been painted here time after time by men on both sides of the aisle regarding the desperate situation of the independent oil producers, and I knew this was the only opportunity to help them. This is the only chance to help them because you gentlemen on the Democratic side, under the leadership of the distinguished gentleman from Texas (the Speaker), have declared a moratorium on tariffs.

All opportunity to introduce tariff bills has been foreclosed. The judge has gone home, the courtroom is locked up, and the jury is over across the street in a hotel smoking cigars and discussing the verdict. [Laughter.] So the only opportunity that you Members from the oil States have here is to keep this item in the bill, and this is also the only opportunity for my friend the gentleman from Arizona [Mr. DOUGLAS], who introduced a bill here in the House, to secure relief for his copper producers. If some of you want to be brought into the fold of protection, or a little nearer to it, read the preamble of the bill of the gentleman from Arizona. It is one of the best tabloid tariff speeches I ever read in my life. I will say that man has sense. [Laughter and applause.]

He certainly knows how to present his case, without any ifs, ands, or buts.

Mr. BLANTON. He is just like all other Democrats.

Mr. CROWTHER. That may be, but there are different degrees of sense. [Laughter.] The gentleman from Arizona [Mr. DOUGLAS] has a very high degree of sense.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CROWTHER. Yes.

Mr. FITZPATRICK. Is it not a fact that the present Tariff Commission, with the approval of the President, can relieve the present sugar situation in the country?

Mr. CROWTHER. Let me say to my colleague from New York that I wish I really thought so. I would not worry about it then, because I think that is the proper procedure. I hope that they will be able to make the recommendation after they ascertain the facts.

Mr. FITZPATRICK. Up to 50 per cent.

Mr. CROWTHER. But this does not involve that 50 per cent proposition. It involves an error in the compensatory rate, and I do not know whether they can recommend a change of that kind to the President or not. I am not certain. If I thought they could, I would be perfectly satisfied.

Mr. FITZPATRICK. They can recommend the 50 per cent, though.

Mr. CROWTHER. Well, I would be in favor of that, because we did not get the proper rate on sugar in the Hawley-Smoot law. [Applause.]

Regarding the introduction of oil and my proposal to introduce copper and sugar as items of this bill, I am quite sure that they will not cause my Democratic colleagues any embarrassment. In the case of oil and copper the suggested tax is by no means a protective rate and merely conforms to the Democratic premise that a tariff for revenue only is justifiable. Since you have repeatedly labeled the tariff as a tax, I feel that my conclusions are correct, for the protective feature would only be incidental, as remarked on a previous occasion by the late Mr. Underwood, a former chairman of this committee.

There will undoubtedly be criticism of the lowering of the income tax exemptions, and, in view of that, permit me to make the following comparisons: A married man with one dependent and an income of \$5,000 will pay under these rates a tax of \$31.50. A taxpayer in Great Britain under exactly the same conditions pays \$650. A man with an income of \$10,000 will pay in the United States \$195, and in Great Britain he will pay \$1,800. An income of \$100,000 will pay in the United States \$25,000 and in Great Britain he will pay \$48,000. The bill proposes exemptions of \$1,000 for a single man and \$2,500 for a married man, with the exemption of \$400 for each dependent child retained. In Great Britain the exemption is \$245 for the first child and \$195 for each other child, and the exemption for single men is only \$485 and married men \$730. Our taxes certainly look light by comparison.

Mr. Chairman and ladies and gentlemen of the committee, the lack of time prevents an individual Member from making a complete analysis of the emergency tax bill now before us. No doubt before general debate is closed nearly every phase of the proposed legislation will be thoroughly discussed. The manufacturers' excise tax has been condemned by many of our Members, and I credit them with

having expressed their opinions on the merits of the legislation rather than having made demagogic appeals to the public. When we commenced our hearings, I do not believe you could have counted a corporal's guard in the committee who favored any form of sales tax. But as we proceeded and heard the flood of objections that were raised against the taxation of a special group of our manufacturers and producers, together with the fact that there was a stern necessity of securing sufficient revenue to balance the Budget at the close of 1933, we finally came to the conclusion that this so-called sales tax was the fairest and most available source of revenue.

The committee felt that we had raised the rates on income and corporation taxes to the limit under prevailing conditions. The estate tax, together with its protective feature, the gift tax, have been raised to a point where there is some danger of diminishing returns.

We have tried to include in the exemptions nearly all the basic food products and also endeavored to lighten the burden to those engaged in agricultural pursuits.

Taxation has been a troublesome problem for centuries.

One method of balancing the Budget is by levying additional taxes from new sources. Another way is by reducing the expenditures of the National Government. A combination of these two methods would be a healthy mode of procedure at this hour.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, every battle for human freedom has been fought around the standard of taxation. Taxation has been an all-important issue since "there went out a decree in the days of Augustus Caesar that all the world should be taxed." Our Nation was torn from the womb of the British Empire as a result of an abuse of the power of taxation.

The patriots at Boston well knew the operation and effect of a sales or consumption tax. They realized that notwithstanding the fierce opposition to the imposition of a tax on tea, if they permitted the tea to be brought into Boston its purchase by the public would be inevitable, and the payment of the tax thereon would follow as a matter of course. Hence they dumped the tea into the bay. They understood that a tax on tea was a tax on consumption, a tax on a commodity which the merchant or dealer advances and adds to the price of the commodity, which tax is finally and necessarily paid by the consumer. As practical men, they knew that in order to prevent the people from making this contribution to the English treasury in the form of a tax on tea they dare not permit the entry of that commodity into Boston and its distribution to and by dealers, many of whom were pro-English, because many of the people did not understand that the price they paid for the tea included the much-hated tax imposed by England, and that the masses were unable to protect themselves from a tax on consumption or other forms of indirect taxation.

The amount of the tax on tea was insignificant, but its imposition helped to light and feed the fires of revolution, because a great principle was involved, and the Boston patriots refused to sacrifice principle on the sharp edge of expediency or to pay even a petty tax if it was unfair and unjust. It is regrettable that their descendants have not used the same discrimination and wisdom in scrutinizing tax formulas enacted in both State and Nation. Because of the evil consequences that must inevitably flow from an unwise and inequitable system of taxation, we should subject every tax formula to the acid test of reason, especially if it marks a radical departure from our established tax programs.

John Hampden did more to bring about the English revolution than Oliver Cromwell and his coadjutors. He was a great patriot, free from secret machinations to serve private ends. He had conscientious scruples against paying the tax generally known as "ship money" levied by Charles I, though it amounted to less than 20 shillings, and he challenged its validity because it was imposed without authority

of Parliament. For his contumacious refusal to pay this unjust tax, he was brought to trial in 1637 in the Exchequer Chamber. Though Charles Stuart had foredoomed his conviction, Hampden demanded a trial, which lasted 12 days. Though convicted by a servile court, his trial established the invalidity of the tax and demonstrated that armed resistance to the King's prerogative was necessary if the liberties of the English people were to be preserved. To the business of the Long Parliament he gave constant and whole-hearted attention, helping to shape the events that culminated in the revolution, set definite barriers to the abuse of the royal prerogative, and established the supremacy of the laws of England over the will of the monarchs. All these wholesome and epoch-marking events flowed from a firm determination of the English people not to tolerate an unjust and inequitable system of taxation. The American people will settle the sales-tax proposal, I believe, for all time in the battle of ballots in the November election.

The French Revolution was the result of an abuse of the taxing power by the Bourbons and feudal lords. History tells us that preceding this social, economic, and political eruption 225,000 aristocrats owned 90 per cent of the wealth and 90 per cent of the land in France, while 22,000,000 of the so-called common people owned only 10 per cent of the wealth and 10 per cent of the land. The masses were exploited mercilessly by a system of taxation, so ingeniously devised to sink the mass of the people in poverty and degradation that princes and nobles might revel in voluptuous splendor.

But a time came when the people of France awoke to the consciousness of their wrongs and their tyrants trembled and rode in rumbling carts to the guillotine. In the last days of Louis XV the common people of France were desperately poor, tax ridden, and exploited by the Government in every conceivable manner. Toulon, when asked "What will the people do?" made answer, "The people may eat grass." It is not surprising that excessive and unjust taxation brought France to a frightful welter. In the graphic language of Thomas Carlyle, overtaxed and exploited France was the France "with a harlot's foot on her neck; the dull millions that, in the workshop or furlowfield, grind, foredoomed at the wheel of labor, like haltered gin horses, if blind so much the better."

The evils of unjust taxation, especially sales or consumption taxes to which I have referred in the national life of England and France, are but typical of the social injustice with which the masses or so-called common people have been afflicted in all nations since the curtain for the first time went up in the never-ending drama of human history.

We are considering to-day a question upon the proper solution of which, in my opinion, rests not only the future of our political parties but the future of the present Members of this House; and, what is more important, we are seriously considering the approval of a system of taxation that will, if adopted, inaugurate a reign of social injustice and prejudicially affect the welfare of the masses of the American people.

We are about to adopt or reject a tax formula which will tremendously and injuriously influence the economical life of the Nation. If for the sake of argument we assume that this sales tax will not be pyramided, then the \$600,000,000 sales tax will lay an additional burden of \$5 on every man, woman, and child in America, or approximately \$25 per family. This means \$18,000,000 additional taxes on the people of Missouri and nearly a million additional taxes on the people of the district I represent. I will never vote for such an unjust proposal. Do not be deceived; you can not saddle this \$600,000,000 sales tax on the rank and file of the American people without having to answer for it at the bar of public opinion and at the ballot box. And you should have no misunderstanding as to the result of that issue.

Though the mills of God grind slowly, yet they grind exceeding small;
Though with patience He stands waiting, with exactness grinds He all.

If the taxgatherer stood at the door of every store and levied a tax of 2¼ per cent on every article bought, there

would not only be an outcry but a rebellion by the consumers, because under that system it would be brought home to them that they were being taxed. The very people who would fight rather than pay an unjust tax will uncomplainingly pay higher taxes when they are collected by storekeepers in increased prices, and even if an indirect tax is consciously realized, it can not be opposed. And in order to cover up this sales tax and keep the masses from knowing to what extent they are being taxed, the pending bill levies this tax on the manufacturer, who adds it to the price of the commodity and passes the tax on to the consumer through the wholesaler and retailer.

As a Democrat, and as one who is devoted to our free institutions, I assert there is absolutely no necessity for the imposition or a consumption tax on the American people at this time, or at any other time, except perhaps as an emergency measure if we should again be drawn into war, from which may a benign Providence protect us.

It has been argued in this Chamber that we can not balance the Budget by issuing bonds or certificates of indebtedness as the administration has been doing to meet former deficits. Every time a revenue bill was pending in the House in the last 10 years the able but cynical and oleaginous Ogden Mills; Secretary Mellon, the high priest of plutocracy; and the other Republican rajahs, with that solemn holier-than-thou, I-know-it-all attitude, declared that the increase of the income-tax rate applicable to the higher brackets would produce less revenue than under the then existing rates, and that no more taxes could be secured by increasing the tax on large incomes. The Secretary of the Treasury, under the Harding, Coolidge, and Hoover administrations, in season and out of season, told this Congress and the American people that they had reached the Ultima Thule—the limit beyond which additional revenues could not be secured by increasing income taxes in higher brackets.

We have seen every one of these prophecies fail. Experience has demonstrated that the estimates of Mr. Mills, Mr. Mellon, and other Republican tax prestidigitators were utterly unreliable and false. Mellon, Mills, and their big-business associates, representing the administration, either deliberately misrepresented or recklessly miscalculated and underestimated the revenues of the Government for one year in a sum amounting to approximately \$1,000,000,000.

Who, in or out of Congress, has any confidence in, or respect for, the estimates that have come from the Treasury Department in the last 10 years? Like Mellon, Mills speaks the language of big business, and advocates the policies of the special privileged classes. They have repeatedly juggled their estimates so as to induce Congress to accept their recommendations and enact their legislative program. I am not willing to follow the advice of Mellon, Mills, Hoover, and Wall Street when it comes to adopting a tax system that violates the fundamental principles of the Democratic Party and runs counter to the long-established tax policies of the American people.

It is regrettable that the estimates and recommendations of Mellon and Mills have been so reckless and undependable that few Members of Congress, and no thoughtful student of financial and economic conditions, pay any attention to them. They are nimble with figures and have no conscientious scruples against making reckless estimates when such action will support their plans, buttress their political theories, and promote the political fortunes of the Republican Party. In view of the double-distilled blunders of the Mellon, Mills, and Hoover crowd, their estimates should be checked and double-checked before the American people accept their advice, which unfortunately reflects the attitude of the most sinister, selfish, and sordid elements in our financial and economic life.

I am of the opinion that the present and prospective deficit can be largely made up by an increase in income taxes in the higher brackets, a more radical advance in estate taxes, higher gift taxes, excess-profits taxes, taxes on American capital invested abroad, doubling or trebling the tax on incomes from foreign bonds, securities, and investments, and on the sale and transfer of bonds, stocks, and

securities I would impose a tax so high that the gamblers of Wall Street and the stock-exchange sharks would feel it. A capital tax would produce approximately \$150,000,000.

The pending revenue bill is not a Democratic measure. I do not think very many Democratic Members of this body favor the imposition of sales tax. The sales tax has been denounced by Democratic platforms. In 1920, Mr. BACHARACH, the distinguished gentleman from New Jersey, an eminent Republican and a member of the Ways and Means Committee, proposed a sales tax as a substitute for the excess-profits tax, which was looked upon with favor by the Republican Party. Mr. BACHARACH called it a "consumption tax," and it is so styled by most political economists. During the 1920 presidential campaign Mr. Harding, realizing the unpopularity and injustice of the sales tax, invited Mr. BACHARACH to visit him at Marion, Ohio, and in the interview that followed Mr. Harding urged Mr. BACHARACH to reduce his proposed sales-tax rate from 1 to one-half of 1 per cent. During the Harding administration the Republicans, under the leadership of Smoot, Mellon, and Mills, made a strong fight for the sales tax, Mr. Mills designating it as "a spender's tax," when he was urging the Committee on Ways and Means to adopt it.

All of the great farm organizations have gone on record in opposition to the sales-tax provision of the pending bill. It is estimated that at least \$150,000,000 of the \$600,000,000 to be raised by this sales tax will be paid by the farmers; and as there are approximately 6,000,000 farms, this sales tax would cost on an average \$25 to the individual farmer.

And this man Mills, for 10 years an aggressive advocate of the sales tax, has given this bill his paternal blessing. For 10 years Mellon and Smoot advocated the adoption of the sales tax. And yet some Democrats are so unsophisticated as to believe that Ogden Mills and the Hoover administration are not body and soul behind this measure.

The plain facts are that the Republicans have outsmarted the Democrats, and by pretending to favor a little different plan have adroitly maneuvered the Democrats into the dangerous position of proposing a sales tax. Some of my Democratic colleagues, who, in their perplexity, are seeking a way out of this Republican abyss, may imagine that they hear the voice of Jacob, but I warn them that the guiding and controlling force behind this bill is the hairy, yet adroit, hand of Ogden "Esau" Mills [laughter], who, if he succeeds in putting over this sales tax, will have successfully accomplished the most far-reaching political 3-shell game since Esau deceived the half-blind Jacob in that diplomatic encounter and match of wits so graphically described in the Book of Genesis.

The Republicans are laughing in their sleeve over their success in lining up the Democratic leaders of the House in support of the sales-tax proposal. When in power, the Republicans never had the temerity to enact a sales or consumption tax, although the Senate Finance Committee in 1921, under the direction of its chairman, Senator Smoot, contemplated the adoption of a sales tax, but abandoned the plan on the advice of Professor Seligman. They knew that it was not only the most unjust but the most unpopular of all forms of taxation.

But now Republicans are willing for the Democrats to stand sponsor for this unholy tax formula and get the blame for having imposed it on the toiling millions of men and women who are already bending under an unbearable burden of taxation. The seeming reluctance of Ogden Mills to sponsor a sales tax was a part of their ingeniously planned and diplomatically manipulated policy of getting a sales tax—just what they wanted—and yet fasten on the Democratic Party the odium of having enacted this reprehensible system by which the burdens of government are transferred from those most able to bear them to those least able to bear them.

Is Mr. Mills opposed to a sales tax? Ye gods, no. It is a part of the baleful financial philosophy of which he is high priest and past master. It squares with every other tenet of his fiscal faith. It harmonizes with his theory that the ultrarich should be relieved of a very considerable part

of their proportion of the expenses of government. For 10 years Andrew Mellon and the malefactors of great wealth have industriously labored to fasten the sales tax on the American people, during which time Ogden Mills has been not merely Mellon's understudy but in reality his master. As Richelieu's matchless diplomacy and statecraft was largely formulated by Father Joseph, so most of Mellon's financial formulas sprung from the fertile brain of Ogden Mills, like Minerva leaped full grown and full armed from the brain of Jupiter. As the crow wants carrion, so the Hoover-Mills crowd want a sales tax, but they have very ingeniously arranged for the Democrats to hold the bag and handle the hot end of the poker.

Yesterday the gentleman from Georgia, for whom I have high regard, stated in substance that the pending bill was more unjust and burdensome to the wealthy classes than to the poor or average groups. I asked him if this be true why the ultrarich and big business classes seem so well satisfied with the measure and had not been loading the mails with propaganda and appeals against the enactment of this bill.

I have been here 10 years, and every time a revenue bill has been under consideration by Congress there have come to my desk and to your desks letters and propaganda, not only by the hundreds and thousands but by the ton. It is no hyperbole to say that whenever Congress has considered a revenue bill in the past, every Member has received at least 1 or 2 tons of propaganda opposing the rates embodied in the bills then pending. But now we see no organized opposition or propaganda from the masters of finance and the captains of industry, or from the owners of swollen fortunes, many of which were accumulated by profiteering during the tragic period of the World War; no protests from big business, or from the great corporations or monopolies sheltered by special privilege laws; no complaint from the Fords, the Rockefellers, the Bakers, the Giffords, the Mellons, the Morgans, the Dillons, the Reads, or from the stock-jobbing crowd who manipulate markets and gamble on the misery of millions; no grumbling from the big income-tax payers; no frowns from those who pay estate taxes or from commercial, industrial, or financial lords.

The great army of big-business buccaneers, when other revenue bills were pending, invaded Washington like a Hunnish hoard, hovered around the House and Senate, wore out the walks leading to the White House, and stabled their horses in the corridors of the Capitol; these corn-fed, faultlessly groomed ambassadors of great wealth and special privilege are contented and unperturbed, seemingly confident that the Ways and Means Committee would write a revenue bill entirely acceptable to them.

But it is urged that we can not sell Government bonds to balance our Budget. This argument is as false as it is foolish. I call your attention to an article in this morning's Washington Post, which news item was carried by the Associated Press and printed in practically every metropolitan newspaper in the Nation. I quote the first paragraph of this article:

Public confidence in Government securities, and a desire to put funds in that sort of investment, caused the Government's offer of \$900,000,000 in Treasury certificates to be oversubscribed nearly four times in two days. Secretary Mills announced to the public that the Treasury certificates offered to the public Monday brought in subscriptions totaling \$3,402,735,500 before the books were closed.

The Washington Daily News, after stating that the subscriptions totaled nearly four times the \$900,000,000 offering, said:

The 3½ per cent certificates, to mature in seven months, were bought for a total of \$952,619,500, while the 3 per cent certificates, which mature in a year, brought total subscriptions of \$2,450,106,000.

Though Mr. Mills did not say how much of the total subscriptions have been accepted, it is believed the amount probably will be slightly above \$900,000,000.

The money obtained through the sale of the certificates, which will be dated March 15, will be used to meet Government expenditures. Thus far this fiscal year these expenditures have been \$1,800,000,000 more than receipts.

Think of it; the Government announces it wants to borrow \$900,000,000 and in 48 hours three and one-half billion dollars, or nearly four times as much, are dumped on Uncle Sam's counter by the money lords who are lousy with wealth. American capitalists said in language of dollars, "Uncle Sam, we will not only lend you \$900,000,000 but four times that amount." Mr. Mills has announced that he will take only \$900,000,000 and will turn back the other two and one-half billions. Now, this problem of balancing the Budget could be solved without this sales tax if Mr. Mills will accept an additional \$600,000,000 that the money lords are trying to lend him.

And still some of you gentlemen say that the issue of an additional \$600,000,000 of Government bonds would overburden the security market, though within 48 hours after the Treasury called for bids, the financial groups submitted bids for nearly four times as much as the Government wanted to borrow. Does this flood of subscriptions indicate that the Government can not float an additional \$600,000,000 of bonds to balance the Budget? In view of the ease with which an additional bond issue can be marketed, why is it necessary to saddle the \$600,000,000 sales tax on the American people who are already taxed beyond endurance?

Balancing the Budget of the Government, like balancing the budget of an individual, company, corporation, municipality, or State, does not mean that it can only be done in one particular way, nor that it must be balanced by cash. The balancing may be done by paying part cash and by issuing short-term securities, and without resorting to additional taxation. This is no new or unusual method of meeting a situation such as now confronts us. It is as old as human government.

In this period of unprecedented economic distress, when 8,000,000 men and women are idle, walking the streets, seeking employment and begging for bread; when in a period of plenty, millions of underfed and undernourished men and women are too poor to buy food even at the present ridiculously low prices, I consider it a crime for the Hoover administration and Congress to lay on the backs of the American people an additional burden of \$600,000,000 in the form of a commodity or consumption tax. No sound reason can be assigned for laying these taxes when farms are being sold on the block at sacrificial prices, when the earnings and accumulations of a lifetime are being dissipated, when the people are unable to pay their taxes, interest, and store bills and are rapidly drifting into a condition of penury and peasantry.

Under present conditions, is it good politics, is it ethical, is it honest to increase the burden of taxation under which the masses are now staggering?

This afternoon in the corridor I heard the distinguished gentleman from Oregon [Mr. HAWLEY] say to one of his Republican friends, "Do not call it a sales tax; call it a manufacturers' tax." What does John Stuart Mill call it; what does Henry George call it; what does Professor Seligman call it; what do all the economists in the United States of America call it; what has every political writer in the last 500 years called it? All refer to it as a sales tax, a commodity tax, an excise tax, a consumption tax.

No matter what you call this tax, it is not a manufacturers' tax. In truth and fact the manufacturer does not pay this tax, he only advances it and passes it on through the wholesaler and retailer to the consumer. By calling it a manufacturers' tax you are not going to fool anyone because everyone knows that it is a consumers' tax.

Now you propose to lay a burden of \$600,000,000 on the people in the form of a sales tax. Who will pay this tax? It must be paid by one of four groups, by the manufacturer, or wholesaler, or retailer, or consumer.

Is there a man on the Republican side of the House who has manufacturing establishments in his district and who will stand up here now, while I pause, and say that he believes the manufacturers will absorb this \$600,000,000 of sales taxes? If so, I want his name to be preserved in my speech and handed down to posterity as one of the most

pathetic victims of auto-unsophistication since John Law sold his South Sea bubble to a credulous world.

Mr. CROWTHER rose.

Mr. LOZIER. The gentleman from New York [Mr. Crowther], is one of the victims of this paradoxical delusion. I wish I was as sure of just one thing, as the amiable gentleman from New York is sure of everything. His splendid talents are only surpassed by his courage, frankness, and genial disposition. Is there another Republican Member who really believes the manufacturer will pay the sales tax and not pass it on through the wholesaler and retailer to the consumer?

Mr. RICH rose.

Mr. LOZIER. The gentleman from Pennsylvania [Mr. Rich], Babe in the Woods No. 2, unblushingly confesses his belief in the doctrine that the poor, innocent, helpless manufacturer is the sole victim of the sales tax. According to Joubert, "When credulity comes from the heart it does no harm to the intellect." But my friend from Pennsylvania has a generous stock of both heart and brain power which makes it more difficult to understand his economic astigmatism and aberration.

Mr. RICH. I want to ask the gentleman a question.

Mr. LOZIER. I do not yield now to the gentleman. Of the 435 Members of this House only 2 have stood up and gone on record as believing that the manufacturer absorbs the sales tax and does not pass it on to the consumer. Here are two Republicans, two of the faithful, on guard to protect big business and special interests and saddle a considerable part of their taxes on the poor and middle classes.

Since I have been a Member of this body there never has been a tariff bill before Congress, during the consideration of which the gentleman from New York [Mr. Crowther] did not speak the language of the tariff barons, and ably yet fallaciously advocate the imposition of unconscionable duties. He is the "Republican show pony" of the House, and the most brilliant and persuasive expounder of the cynical doctrine that the many should be taxed in order to enrich the favored few. And to-day he is running true to form when he, by advocating a sales tax, seeks to take this burden from the backs of the financial classes who are best able to pay and place it on the backs of the consumers, least able to pay.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. Not now.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. No.

No. I do not want to be diverted from a line of thought that I am trying to pursue and develop.

I now propose to show how the additional capital required by reason of this sales tax will be pyramided as the commodity passes from the manufacturer through the wholesaler and retailer to the consumer.

Suppose the output of a factory can be sold for \$500,000 without the sales tax, which price includes total cost to the manufacturer including the manufacturer's profit. If the pending bill is enacted, the sales tax on this output will be \$11,250. For bookkeeping and other cost of administering this sales tax the factory will be subjected to an additional expense, say, of \$5,000, or 1 per cent of the \$500,000 factory output. That is to say, the manufacturer's expense and capital is increased to \$16,250 (\$11,250 tax and \$5,000 for additional overhead expense). But this is not all. The manufacturer, without the sales tax, would only need a capital of \$500,000 to make and market this output, but with the added expense incident to the payment and administration of the sales tax he finds that his actual investment is \$516,250, on which capital he is entitled to get a return and profit. If he counts on a gross return of 20 per cent, he would compute his profit, overhead, and return on investment not on \$500,000 but on \$516,250, 20 per cent of which would be \$103,250. The \$500,000 at which he sells his commodity includes his 20 per cent gross return on his original capital, but he will be entitled to charge 20 per cent on the \$16,250 additional capital required by reason of the sales tax. Twenty per cent of \$16,250 is \$3,250, which

added to the \$11,250 sales tax and \$5,000 additional overhead, brings the total cost to \$19,500, which represents the total cost to the manufacturer, directly and indirectly, of the sales tax. He not only passes on to the wholesaler the \$11,250 sales tax, but he passes on \$5,000 additional expense and overhead and \$3,250 returns on additional capital investment, or a total of \$19,500. This is \$19,500 more than the wholesalers would be required to pay if the pending bill does not become law.

Now, the wholesaler in buying from the manufacturer has paid \$19,500 more than these commodities would have cost him without the sales tax. This means that the wholesaler is required to have \$19,500 more capital stock. So when the wholesaler sells to the retailer he not only gets back the \$19,500 that he has advanced to the manufacturer but he adds, say, 20 per cent—\$3,900—as a fair return or charge on the additional capital invested, and when he sells to the retailer he gets back this \$3,900 plus the \$19,500 that he advanced to the manufacturer. This makes the commodities cost the retailer \$23,400 more than they would have cost without the sales tax. The retailer is required to invest \$23,400 more capital than would have been necessary without this sales tax. The retailer adds his 20 per cent on this additional capital, which brings the amount the consumer must pay on account of this sales tax to \$28,080.

So the \$11,250 sales tax paid by the manufacturer to the Government has grown to \$28,080 by the time the commodities reach the consumer, an increase of \$16,830. And the $2\frac{1}{4}$ per cent sales tax paid by the manufacturer has grown to $5\frac{1}{2}$ per cent by the time the commodity passes to the consumer. Now, the increase would be the same on articles or commodities of any value.

Now, this increase of from $2\frac{1}{4}$ to $5\frac{1}{2}$ per cent results solely from pyramiding the additional capital investment required by reason of the sales tax. There will be additional pyramiding where the tax on an article is a fractional part of a nickel, dime, quarter, half dollar, or dollar. It is absolutely impossible to prevent pyramiding. Every intelligent person knows that where the tax is less than 5 cents, 5 cents will be added; if the tax is between 5 and 10 cents, 10 cents will be added; and so on. And when the tax gets above a dollar the temptation will be very great to add \$1 where the tax is a fractional part of the dollar.

This afternoon in the cloak room I suggested to my friend from New York [Mr. Crowther] that pyramiding of this sales tax was inevitable, even under his theory, to the extent of the increased capitalization required by reason of this law, and he admitted that I was absolutely right in claiming that there would necessarily be a pyramiding of this additional capital when the articles are transferred from the manufacturer to the wholesaler and from the wholesaler to the retailer.

Here are two men who say that the manufacturers pay the sales tax and do not pass it on to the consumer. If this be true, then it necessarily follows that they are willing to impose a tax of \$600,000,000 on the manufacturers, who will not be able to recoup that payment when they sell their products to the wholesaler. I ask, Can the manufacturers of the Nation pay and absorb this enormous tax? If the manufacturers will pay this tax and not pass it on through the wholesalers and retailers to the consumers, then this bill will saddle on the manufacturers \$600,000,000 of additional taxes in this unprecedented period of depression when industry is paralyzed and not able to bear any additional burdens.

Then again, if the manufacturers can and will absorb this \$600,000,000 additional taxes without increasing the sale price of their commodities, then it necessarily follows that the manufacturers are now making huge profits and the price of their products should be reduced. If the manufacturers can take on taxes amounting to \$600,000,000 and not pass these taxes on to the consumer, they must now be making enormous profits, or they could not absorb this additional overhead expense of \$600,000,000. So it necessarily follows that the manufacturer will not absorb but merely advance the sales tax and pass it on to the wholesaler.

Now, is there any Member present who believes that the wholesaler absorbs this tax? If so, let him stand. I want his name to go into this speech.

Mr. CROWTHER rose.

Mr. LOZIER. The gentleman from Schenectady again stands. Noblest natures are most credulous, and quick believers need broad shoulders, and when it comes to taking punishment and standing up for his party, right or wrong, the gentleman from New York is one of the noblest Romans of them all. If it be true that the wholesaler absorbs the sales tax and does not pass it on to the retailer, then undeniably this bill will impose on the wholesalers of the Nation a new burden of \$600,000,000 taxes. Can the wholesalers carry this additional load? I think not.

Now, do any of my colleagues believe that the retailer absorbs this tax and does not pass it on to the consumer? If so, I would like for him to stand.

Mr. CROWTHER rose.

Mr. LOZIER. The gentleman from Schenectady again stands. [Applause and laughter.] Notwithstanding his superb intellectual powers and his genial personality, the gentleman from New York believes easily what he hopes for earnestly. We have heard of those who are joined to their idols; and while I admire the gentleman from New York for his splendid qualities of mind and heart, I can not accept his provincial and sordid political philosophy. I am not willing to follow him in the support of the sales tax, nor am I willing to follow the titular heads of the Democratic Party in this body away from the traditional policies and platforms of the Democratic Party. I am unwilling to allow William Randolph Hearst to put a ring in my nose and lead me out of the Democratic Party into Republican pastures.

When Alexander Hamilton set out to establish a fiscal and economic policy for the United States he formulated a program for indirect taxation, internal revenue taxes, a system of sales or consumption taxes, that when carried to its legitimate conclusion would have taxed practically everything the masses eat, wear, handle, or are compelled to purchase. In opposing this program for a system of indirect taxation, one Member of Congress in 1790 said:

The time will come when the poor man will not be able to wash his shirt without paying a tax—

To the United States Government.

Humphreys, in his *Economic History of the United States*, says:

Although Hamilton's measures won the support of the commercial interests, they did not prove so acceptable to the western farming class, his excise tax even calling for an opposition that verged on a state of civil war. Alexander Hamilton did little to aid the West, leaving this to Thomas Jefferson, who became its champion, the leader of an agrarian anti-Federalist party.

I do no violence to history when I say that the Democratic Party came into power as the uncompromising foe of the sales tax and all forms of indirect taxation, and it has ever held true to the principles and policies of its founders. Shall we who wear the livery of Democrats depart from the traditional faith of our political fathers? I hope not. I will follow no time-serving Democrat away from the principles and policies that underlie, permeate, and vitalize democracy.

In the colonial period the New England States were devoted to Democratic ideals, and vigorously opposed the imposition of indirect taxes. The southern colonies, such as Georgia and the Carolinas, largely employed indirect taxes, because under that system the rich plantation owners and their lands would be very largely relieved of taxation. For the same reason a poll tax was opposed because it would require the southern planter to pay a poll tax on his land. For this reason the men who dominated the old South fastened on several Southern States a system of indirect taxation, in order to shift the burden of government from rich landowners to the masses.

A little later the Central Colonies—Virginia, Maryland, Pennsylvania, and New Jersey—adopted a system of sales taxes patterned after the system employed in the Nether-

lands during the period of Holland's commercial supremacy, of which system Professor Seligman said:

The great traders and merchants (of Holland) did not relish any direct taxation of trading capital and therefore devised a system of indirect taxation of business, which would, as they thought and hoped, be shifted to the community in general and to the poorer classes in particular. Thus developed the stamp taxes, the excise tax, and the whole host of indirect taxes for which Holland was noted. * * * It was not until the democratic movement of the nineteenth century, when the system of excise was recognized as a burden on the poorer classes, that the number of commodities subject to excise was greatly reduced.

When Alexander Hamilton was seeking to fasten the system of indirect taxation on the American people he came to grips with Thomas Jefferson, the great tribune of the people, who unhorsed Hamilton at the beginning of the nineteenth century, and from that time until 1861 comparatively few indirect taxes were levied in the United States, during which time the Democratic Party had almost unchallenged control of our Government. The only worth-while exception was during the War of 1812, when a few commodity or consumption taxes were levied because of war conditions. When the Republican Party came into power in 1861 it established a system of internal taxes, which was necessary because of the exigencies of the Civil War, and in this manner that party committed the Nation to a system of indirect taxation, including tariff taxes, by which the tariff is added to the cost of the commodity and paid by the ultimate consumer, as claimed by all great political economists and as conclusively demonstrated by the experience of the American people.

I do not criticize the Republican Party for resorting to indirect taxation during the emergency incident to the Civil War, but I do say that in this period of our national development, when people are bending beneath an almost unbearable burden of taxation, when the masses are unable to pay their present taxes, when we have probably 20,000,000 underfed, undernourished men, women, and children in the United States unable to buy bread, it is little short of a crime to compel the people who are least able to bear the expenses of government to assume an additional burden of \$600,000,000 sales tax.

I want to emphasize another principle this afternoon. It is fundamental that the burdens of government should be borne by men in proportion to their ability to pay. Under the sales-tax system the millionaire may live so frugally that at the end of the year his consumption tax will be as little as, or possibly less than, the consumption tax paid by a mechanic. If a government protects one man's \$100,000 worth of property and another's \$1,000 worth of property, the former should pay one hundred times as much toward the public expenses as the latter. Indeed, justice might require that we go further, inasmuch as a percentage of his income which would not abridge even the luxuries of the rich might materially curtail even the necessities of the poor.

But whether the rich should be taxed more than a pro rata proportion or not, no one can dispute the fundamental rule that taxes should be so arranged that individuals may pay in proportion to their property; that is, in proportion to the amount of protection which they receive from the Government. Now, inasmuch as indirect taxation, if laid indiscriminately, would apportion the public burden on no such principle, it is evident that such taxation should be laid very discriminately; that is, that articles of necessity should be either exempt from taxation or taxed very lightly; and articles of luxury, or those used chiefly by the rich, should bear the greater part of the burden.

This leads us to the following conclusions:

First. Property below a certain amount might very properly be exempt from taxation. The poor man's clothing, bedding, food, household necessities, supplies for his home and farm, and other articles of general necessity should never be enumerated as taxable property.

Second. The necessities of life, if taxed at all, should be taxed at the lowest rate. Of these, the rich and poor must consume nearly equal quantities. But they consume only a fraction of the rich man's income while they consume

almost the whole of a poor man's earnings. A tax on commodities processed out of foodstuffs, cotton, wool, leather, lumber, foreign products, iron, steel, tin, copper, and other materials substantially diminishes the comforts and even the necessities of life of a very large proportion of every community.

John Stuart Mill, in his *Principles of Political Economy*, says:

The subjects of every State ought to contribute to the support of the Government as nearly as possible in proportion to their respective abilities.

All great students of political economy are agreed that sales and other indirect taxes are finally paid by the consumer, and that sales taxes are unjust to the masses because they impose on them more than their just proportion of the burdens of Government.

If there ever is a time when a sales tax will be justified, it would be in war times, in a period of great emergency, when the destinies of a nation hang tremblingly in the balance.

Sales taxes should not be levied at this time when unprecedented stagnation clogs every avenue of business, when 8,000,000 men and women are out of employment, when an innumerable host amounting to many millions are underfed and undernourished, when notwithstanding bountiful harvests, the people are too poor to buy bread, and when economic distress palsies our agricultural, industrial, and economic life. I speak not for those who dwell in palaces or marble halls, not for those referred to by the gentleman from Massachusetts [Mr. GIFFORD] who live in homes costing from \$50,000 to \$1,000,000 or more; I speak not for the captains of industry or the masters of finance; I speak not for the great cities and centers of wealth of population; but I speak for the wayfaring men of this Nation, for the poor and humble who have but few advocates, for the millions of the so-called common people and middle classes, who by reason of lack of organization are unable to present their cause at the bar of this House, and who are being broken on the rock of insolvency.

Too little consideration has been given to the average man in America. Our unchallenged preeminence among the self-governing States in the world is not due primarily to our unique and beneficent form of government; nor to our almost limitless natural resources, nor to our exceedingly large and seemingly excessive proportion of the world's wealth; nor to our unparalleled industrial and commercial achievements. Obviously all of these are important factors in our social, civic, political, and economic evolution; but back and behind all these, and immeasurably more important, are the plain, ordinary, average men and women of America, who in their respective spheres, some humble, some exalted, honestly, faithfully, and efficiently perform their allotted tasks, thereby exemplifying the highest type of citizenship this world has so far developed.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LOZIER. In just a moment. Not now. I fear that we have a distorted conception as to the source of our national greatness. Not on wealth, not on commerce, not on big business, not on scientific attainments, not on wise statesmanship, not on outstanding genius, not on the masters of finance, not on the captains of industry, not on the ruling classes, but on that grand army of the common people made up of the average men and women of America, rest our destiny, our racial culture, our social order, our civic progress, our material prosperity, and our national tranquillity.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LOZIER. Moreover, the strength and greatness of our Nation do not abide in the White House, in the Halls of Congress, or in our august Supreme Court tribunal. These superb executive, legislative, and judicial agencies are the effect and not the cause of the outstanding preeminence and superior excellence of the American people. These benign governmental instrumentalities are but reflections of the

virtue, majesty, and good citizenship that dwell in 30,000,000 homes. The great centers of wealth and population have not contributed an undue or preponderating influence in the evolution of our national life and ideals or in the symmetrical development of our complex civilization, but in the last analysis the masses or so-called common people are the source from which springs our racial virility, refinement, and progress in general. The American home is the unit or basis of our cultural attainments and the foundation on which rests the phenomenal accomplishments of our people in lifting up men mentally, morally, socially, and politically.

I am pleading for the wayfaring men and women of the Nation. I am pleading for 70,000,000 people who are not organized, who have no lobbyists in Washington to present their cause before the Ways and Means Committee or the Congress; I speak for those millions who are unable to load the mail with propaganda; my plea is in behalf of the many millions of men and women belonging to unorganized groups who have no representatives at the council tables around which are determined the economic policies of the Nation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. O'CONNOR. The gentleman said he was appealing for the wayfaring men and ordinary men of the United States, and in the same breath he said he was not appealing for the metropolitan centers. Does not the gentleman realize that the typical American, the ordinary man, wayfaring man, seafaring, or whatever he may be, lives in the metropolitan centers of this country?

Mr. LOZIER. I will gladly answer the distinguished gentleman from New York. When I said I was speaking for the wayfaring man, the millions of unorganized groups, and not for the people who live in the great centers of wealth and population, I meant no disrespect to the people who live in the great metropolitan areas, who undeniably are, on the whole, high-class citizens who are worthy of the Government's benevolent attention. I would not withhold from city people any legislative consideration to which they are entitled. Their interests should at all times be considered by the Government and their rights should be respected. I will go as far as the distinguished gentleman from New York in supporting legislation that will conserve the interests and promote the welfare of the millions whose lives are spent in the turmoil and clamor of the great cities.

The thought I had in mind was that I was not speaking for the strong and mighty, for the rich and powerful, for the arrogant and proud, for the financial magnates and economic buccaneers in the great cities, but rather for the innumerable host of plain, ordinary, average men and women who have no friend at court, whose interests are too often forgotten, and whose virtues are unrecorded even in the short and simple annals of the poor. The great business groups who dominate the economic life of the great cities are able to take care of themselves, and their agents and lobbyists are always found in the corridors of the Capitol and in the shadow of the White House, while the great mass of city people, like the millions in the country, are exploited and plundered by governmental favoritism and conscienceless manipulation of economic laws.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LOZIER. And may I add that the people of New York have in Mr. O'CONNOR a very able and influential Representative, and so long as he and his distinguished colleagues from New York City are in this House, undoubtedly the metropolis of the Western Hemisphere will be ably represented.

Mr. KVALE. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. KVALE. A question arose in my mind while the gentleman was making his forceful speech in connection with the reading of the news item concerning the subscriptions to the Treasury certificates offered. Does not that indicate, when that offering is so far oversubscribed, that there is a

serious question about the wisdom of offering such an attractive interest rate?

Mr. LOZIER. The gentleman is correct. This oversubscription shows that the capitalists are willing to open their coffers and pour their money into the Treasury of the United States in exchange for Government bonds.

Mr. CROWTHER. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. CROWTHER. I just want to ask the gentleman if he will in his remarks correct the statement that I told him he was absolutely right in regard to the statement he made. In the lobby I agreed with him that it had some merit and that I would be glad to look into it. I have no doubt it has some merit, but I do not want to be placed in the position of having indorsed it, because I think on the basic proposition the gentleman has just discussed he is not correct in saying that a manufacturer has to carry his tax for some time, because the fact is that the manufacturer does not pay until 30 days after the previous month, so that he has 60 days during which he will carry on his ordinary business, and he will have received his money from the man to whom he sold his goods. Therefore I think the gentleman's premise is wrong.

Mr. LOZIER. Does not the gentleman think the manufacturer would have to anticipate payment to Uncle Sam and arrange his finances considerably in advance of the day the taxes are due? And my friend should not overlook the fact that the manufacturer may have to wait several months before he can collect from his customer. Do not you think the manufacturer would require additional capital under the operation of the sales tax?

Mr. CROWTHER. No. The tax, under the law, is not payable until 30 days after the preceding month in which the tax develops, so that he has 60 days. You can take a lead pencil and paper and prove almost anything, even that black is white.

Mr. LOZIER. And by that process the gentleman has always been able to prove that the protective tariff system is right. [Laughter.]

Mr. CROWTHER. I do not think the gentleman's conclusions are right, because his premise is absolutely wrong.

Mr. LOZIER. That is only my friend's conclusions which do not import absolute verity. I will say to the gentleman that if I have overstated or overemphasized the indorsement he gave my formula, I will be glad to modify my statements; but I can not conceive of how anyone can take the position that the manufacturer, wholesaler, or retailer, or all of them combined, will absorb these sales taxes and not pass them on to the consumer.

If the manufacturers will be compelled to pay this tax, you are going to place upon them \$600,000,000 of additional taxes. If the wholesalers absorb this tax, you are going to place upon them \$600,000,000 of additional taxes. If the retailers of the Nation absorb this tax, you are going to place on them \$600,000,000 of additional taxes. Reason as you may, in the last analysis you are forced to the conclusion that all these sales taxes will ultimately fall on the consumers, and in the end they will pay the \$600,000,000 sales taxes; and this is the conclusion reached by writers well versed in political economy.

Professor Seligman, a great political economist of Mr. CROWTHER's home State, recognizes that the increased capitalization required in the payment of the taxes by the manufacturer will be pyramided with every transfer of the commodity and on every succeeding transaction by interest on the capital involved.

Mr. CROWTHER. Will the gentleman yield?

Mr. LOZIER. Certainly.

Mr. CROWTHER. I stated to the gentleman that they might be absorbed, that competition in business will many times cause the manufacturer to absorb the taxes, and then the tax may be absorbed 50 per cent between the manufacturer and the wholesaler and the other one-half may be absorbed between the wholesaler and the retailer, or it may be absorbed 50-50 between the manufacturer and the retailer.

Mr. LOZIER. Oh, no.

Mr. CROWTHER. There are various ways in which it may be absorbed.

Mr. LOZIER. It is unreasonable to assume that the manufacturer and the wholesaler will agree to divide and absorb the sales tax on a 50-50 basis, when they know that under the inexorable laws of economics the tax will inevitably be passed on through the retailer to the consumer. The manufacturers in this day and age of the world, especially a shrewd Yankee manufacturer, or one from the gentleman's own city, will ever agree to absorb the tax on the output of his factory, nor would any wholesaler or retailer do so.

Mr. CROWTHER. He might be compelled to do it as the result of competition. This is what brings the prices down in this country under the tariff.

Mr. LOZIER. The economists agree that the sales tax is passed on to the consumer, and the only exception is where the processed article is sold on a rapidly declining market. If the bottom drops out of the market, the manufacturer may not be able to recoup his loss, and in that event he might not only lose the tax advanced by him but a substantial part of the cost of his commodity; those are the only conditions under which the consumer is not compelled to pay the sales tax.

Here is what the gentleman from New York said in his speech a few minutes ago about our conversation in the lobby this afternoon in reference to pyramiding additional capitalization required by reason of the sales tax:

The gentleman from Missouri [Mr. LOZIER] brought something to my attention—with which I think we are all fairly familiar—in regard to the amount of tax added to a very considerable sized sale, and that of necessity there would be an additional capital cost that might be pyramided. But that is open to argument.

Mr. CROWTHER. Will the gentleman yield for a further question?

Mr. LOZIER. Yes.

Mr. CROWTHER. Is the gentleman opposed to this sales tax?

Mr. LOZIER. I most certainly am, in principle, in policy, and in practice. [Applause.]

For the information of my good Republican friend from New York I want to quote from John Sherman, a great man, a great Republican, a great Senator, and a great Secretary of the Treasury.

Senator Sherman, in a speech in the United States Senate on May 23, 1870, said:

It now only remains to point out those taxes, which, in the opinion of the Committee on Finance, ought to be repealed and those that ought to be retained. * * * The first and most oppressive form of taxation, in my judgment, most indefensible in principle, most unusual in practice * * * is the tax on sales. There is no objection to any kind of tax that is not applicable to this. It is a tax on industry; it is a tax on the most careful, the most prudent, and the most energetic of our people; it is a license tax; a tax on employment. It is a tax that requires espionage because it is estimated by the amount of sales, and every merchant's tax must be liable to be investigated by the taxgatherer. It is a tax that, in my judgment, ought to be the first of all to be repealed.

David A. Wells, who was fiscal adviser of the Government during the Civil War, in discussing a general sales tax, said:

Such a system as this violates all fundamental principles of taxation.

E. R. A. Seligman, professor of political economy in Columbia University, in his *Studies in Public Finance*, in discussing the sales tax said:

The conclusion to be drawn from this historical survey is that the general sales tax constitutes the last resort of countries which find themselves in such fiscal difficulties that they must subordinate all other principles of taxation to that of adequacy. There are four principles of taxation which the statesmen must observe in framing a fiscal system:

First. The principle of adequacy.

Second. There is the principle of what might be called innocuity, i. e., of doing as little harm as possible to the community.

Third. The tax must not be too complicated. It must be certain and convenient.

Fourth. It must embody the principle of equality.

The sales tax, it is evident, sins against every one of these principles.

In discussing the question as to who will pay the tax, Professor Seligman says:

If the tax is imposed on the commodity in the hands of the purchaser, there is no doubt as to the fact that the consumer will pay. The question is as to what will happen in case the tax is imposed on the seller rather than the purchaser. The consequences will be almost equally injurious. If the tax is shifted to the purchaser, its effect will be doubly baleful. For in the first case it will amount to a tax on expenditure and thus invert the principle of ability to pay. In the second place the tax will be cumulative or to use a common term "pyramided" so that the price of the commodity will in the end be raised by much more than the original rate of the tax. * * * As a result a general sales tax of 1 per cent may in the end constitute far more than 1 per cent of the original selling price. The tax, in other words, will be pyramided; it will be cumulative in character.

I quote from General Sales or Turnover Taxation—National Industrial Conference Board:

Now, if the tax is not shifted to the consumer it is still objectionable.

Again, in the language of Professor Seligman:

If the tax remains on the producer, it will be equivalent to a tax on gross receipts. A tax on gross receipts is like a tithe; gross receipts are no indication of the real profitability of the business. Taxes on output or gross receipts which make no allowance for the expenses constitute a rough and ready system suitable only for the most primitive stages of economic life. * * * Figures that have been compiled tend to show that a tax of 1 per cent on gross sales would amount in some cases to 5 per cent of the net income and in other cases to as much as 30 per cent. The general sales tax is a discredited remnant of an out-worn system. It is essentially undemocratic in its nature, and it would, if enacted, exaggerate rather than attenuate the present inequality of wealth and opportunity.

The tendency of the general sales or turnover tax levied by the Federal Government would be to raise, by the amount of the tax, the prices of most articles purchased by consumers. * * * Since the general tendency of the sales or turnover tax would be to increase the prices of all goods purchased by approximately the amount of the tax, it might be viewed as a tax on or proportioned to consumption. The consumption expenditures of the poorer classes absorb a larger part of their income than do the consumption expenditures of the richer classes. Moreover, a larger proportion of the expenditures of the richer classes are for services which are not taxed under many forms of the general sales or turnover tax. Therefore in proportion to income a general sales or turnover tax would bear more heavily on the poorer classes than on the richer classes. This tendency of a general sales or turnover tax runs counter to currently accepted political and social beliefs.

Mr. ARNOLD. Will the gentleman yield for a question?

Mr. LOZIER. Yes; I yield to my good friend from Illinois.

Mr. ARNOLD. If the manufacturer can absorb this sales tax out of his profits without the sales tax, could he not put the price of the commodity down where the consumer would get it at a price lowered to the extent of the tax, without any added profit that may come through the various channels between the manufacturer and the retailer?

Mr. LOZIER. I thank the gentleman for his observation. His question is entirely pertinent and his conclusions are 100 per cent right. If, as some Members claim, the sales tax is absorbed by the manufacturer, then the tax must necessarily increase his overhead expense and thereby add to the cost of the commodity he produces. The manufacturer can not carry this added expense without increasing the sale price of his commodity. If it be argued that he can pay this tax and not increase the price of his products, then at present prices he must be getting an unconscionable profit on his products, and without the sales tax he could, as the gentleman from Illinois suggested, reduce his sale price, which would inure to the benefit of the ultimate consumer.

It is preposterous to think that the manufacturers of this Nation would tamely submit to a \$600,000,000 sales tax if they did not know, as you and I know, that this tax will be passed on to the wholesaler and retailer and to the consumer. American manufacturers are not built that way.

Of course, if the manufacturer does not pass this sales tax on to the consumer, he can only recoup his loss by reducing the wages of his employees or by reducing the price he pays for his raw materials. But these are not the usual method by which a manufacturer reimburses himself for advancements made on account of sales taxes. As I have

shown, the usual course is to pass the tax on to the consumer.

Mr. LAMNECK. And the manufacturer can not and will not absorb this tax?

Mr. LOZIER. My friend, the gentleman from Ohio is quite right. The manufacturer can not and will not absorb this tax. He will merely advance it and pass it on to the consumer. [Applause.]

Mr. CRISP. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I ask unanimous consent to revise my remarks in the Record on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. FREAR. Mr. Chairman, we are asked to seek some well of untouched taxation that has not yet been touched in order to substitute other sources of revenue for the proposed sales tax in the pending revenue bill. On the same day the 297-page bill was made available to Members and discussion by Acting Chairman CRISP was begun, day before yesterday, the first inquiries made of him as to features of the sales tax and the committee's reason for its action was greeted by a chorus of protests against any interruptions. Mr. CRISP had invited questions, and he was discussing the position of a man whose family used \$750 of a \$1,500 income for food, free from tax. When he was asked if canned goods, consumed by all classes excepting those of large means, did not pay the tax, protests arose from those impatient of any interruption who may have been ready to sign on the dotted line before any bill was reported without the dotting of an "i" or the crossing of a "t." I absolve the chairman, a personal friend, from any such purpose.

It took the committee several weeks of hearings and consideration to frame a bill from many items handed it by the Treasury Department, that has always been friendly to a sales tax and has recommended it to Congress before, so it is somewhat premature to charge, on the next day after the 297 pages were first glimpsed by Members, that no substitute for a sales-tax proposal was offered.

In the brief time that will occur between the tax bill's introduction and a vote on passage it is presumptuous to attempt any such offer. I shall content myself largely by extension in the Record at this time rather than pleading with those who have charge of the time and do not welcome opposition for a short review of attempts heretofore to pass a sales tax, its effect on the people, and its purpose to exempt high income taxes.

That there may be no charge of failure to suggest any other sources of revenue or any doubt as to the sacredness of rates in the bill, let me say that within a lifetime John D. Rockefeller grew from a \$10-a-month clerk to a billionaire, and in recent times Henry Ford in a score of years climbed to the same spectacular financial heights in this land of opportunity and generous laws. The public paid them their price. Thousands of imitators, large and small, are following their example.

Rockefeller gave the bulk of his fortune to his son, and Ford is reputed to have done the same to Edsel. That course avoided any estate tax or other tax on untaxed gifts.

THE GIFT TAX

In its profound wisdom the committee says we should get some revenue from this untouched well that gives away great fortunes without return to a Government which has extended both opportunity and protection to the owners of vast wealth. So it is discovered that on a gift of \$50,000 the beneficiary is to be penalized 1½ per cent, or \$750, and from that point a modest graduated scale is fixed, not particularly burdensome in character. If 10 per cent of the gift so made was returned to the Government on such amounts by a beneficiary, who then enjoyed 90 per cent of that generous gift, it would not seem excessive to the average man, rarely assured of a \$1,500 annual income. The higher gifts are fairly taxed, but 95 per cent of the gifts are below \$1,000,000, that reach at that figure only 10½ per cent.

Graduated rates need not be fixed by Treasury officials, who deal in large figures, but by those who have no scruples in rendering unto Caesar the things that are his. When he gives away his wealth, whether to avoid estate taxes or through generosity, the tax should be of just proportions. Not till it hurts like a farm tax, but at least an approach to right figures.

With the estate tax, Congress, after providing a modest return for benefactions, they gave away 80 per cent of the sum collected in credits to the States. Looking with the same microscopic vision that has once again discovered the beauties of a sales tax, these rates could easily be raised and the 80 per cent saved for the Federal Treasury, as its prime purpose was to insure estate taxes in States where they were formerly avoided. It was designed to force two or three States to desist from offers of exemption by removal of wealth from States in which it had been amassed, a just purpose no longer necessary, since the Federal tax is now a fixture. A tax of 10 per cent on estates of \$2,500,000 could be doubled in these days of seeking to balance the Budget without reaching the hardship placed on an average wage earner who will pay increases on many foodstuffs and other necessities from 5 per cent to 20 per cent, depending on the generous consideration of the wholesaler and retailers when figuring profits on the manufacturers' sales tax.

INCREASED TOBACCO TAX

Chairman CRISP advised the House that one-sixth increase on the present tobacco tax will produce \$58,000,000. Is that not better to levy than on the shoes, clothes, and hats bought by the farmer or average wage earner? The committee refused to make this increase on the tobacco tax. Next the committee rejected a proposal to levy a tax on automobiles and trucks that would yield \$100,000,000. I am now quoting from Chairman CRISP's speech in the RECORD of March 10, page 5695. Why is it not more equitable to levy a tax on the cars that have made Ford a billionaire and have erected princely palaces like the Chrysler Building in New York from car profits rather than tax the canned foods that make up a large part of the sustenance of the farmer and the wage earner?

One cent on gasoline will bring \$165,000,000. This the committee rejected. Protests come from all sources, but how many protests would come from the small-wage man who finds everything he buys that is manufactured will cost him more and be excused by the various wholesalers and retailers because due to a sales tax? No. 2½ per cent, but whatever additions may be charged. The proof of this I will submit later. Stamp taxes on checks and real-estate transfers were productive in war times. Why not now? Stock transfers and sales will gain \$28,000,000 under the bill. Why not double the 4-cent rate or possibly increase to 10 cents if that will avoid a sales tax? A less rate than that will bring in \$100,000,000.

It is not my province or purpose in hurried proposals to suggest to the able committee or to the Treasury Department what can be done to prevent a sales tax.

SALES TAXES

I desire, however, to discuss briefly the sales tax that is calculated to produce \$600,000,000 annually in round numbers. If I recollect correctly, Chairman CRISP said in reply to a question that a sales tax on all food products, including canned and otherwise prepared, would bring over \$200,000,000. This I fail to find in the RECORD and have no data on which to base any figures, but the exact facts would be important because of the consumers who will be called upon to pay the tax that will be passed on to them and the food thus taxed.

Congress has recently appropriated \$500,000,000 for loans to banks, railways, and other industries. Authority to increase the fund to a total of \$2,000,000,000 in order to stabilize business and drag money from its hiding places with jobs for the unemployed brought practically a unanimous and nonpartisan support to that bill, now the law. We did not seek to meet that draft on the Public Treasury by any sales tax or other tax, nor was it made part of the annual Government Budget. I am not unmindful of its purpose nor

that it was supposed to be secured by loans, but it is probable that losses to the Government from loans are measured by nine figures during past years.

I am desirous of balancing the running expenses of the Government by adequate revenues, but with losses by everyone and depressed business conditions it would seem that this is a poor time to kick those already down or exact the last pound of flesh until a turn comes in the affairs of men.

For years the Treasury has issued short-term and other securities to tide along between tax payments. I realize arguments offered as to depressed prices of Government securities by additional issues, but we are not so vitally concerned in market prices of to-day or to-morrow as in the eventual payment of the bond. Surely it would not destroy the Nation's credit at home or abroad if, in the wisdom of Congress, we failed to pass a sales tax with which to balance the Budget, and if satisfactory substitutes are not available it would certainly not be disastrous to sell securities of \$600,000,000. During the war we were not apprehensive of a Government debt far higher than anything approached by the present depression or of taxes that outdistanced those now levied or proposed to be levied, and we did not enact a sales tax.

It may be urged that I am unduly alarmed over a sales tax because it is a "painless tax," not realized by the taxpayer. A tax that easily can be substituted after trial for an income and estate tax. A tax that is loved (?) in Canada by all who pay it.

THE CANADIAN SALES TAX

We have had a Canadian tax before Congress in the past, and at the risk of threshing old straw, due to the brief time in which to file a brief before execution, I am reminding the House and Senate, if interested in cumulative data of the opinions of the experts and nonexperts on a sales tax.

Let me say that if a 2½ per cent tax proposed here will produce \$600,000,000 annually that a Canadian rate of 4 per cent will produce a billion dollars, and the Australian 6 per cent rate a billion and a half dollars.

But keep in mind that England, with all her tax burdens and heavy depression, has been too wise to attempt to follow the lead of her two dependencies in the realm of sales-tax shifting even if the Australian rate there and here could be used to reduce materially income-tax rates now levied.

Because of brief time I can not attempt to present a finished or fairly complete argument on data first learned yesterday, but for those who wish to get the views of others fairly familiar with the tax see the committee hearings just received, which take up the Canadian sales tax, on page 239.

Seventy-five Senators and Members of the House enjoyed a trip to Canada at the expense of a publisher who is sold on the sales tax, which will help to reduce the income tax. They were promptly guided to Mr. Jones, the Canadian excise auditor, and, according to the hearings, page 239, this unprejudiced official "gave us a very complete statement on how it works."

None of the Canadian Provinces have sales taxes. (Hearings, p. 243.) Representative HOWARD observed that "it is very gratifying to be informed that newspapers and newspaper advertising are exempt." That may explain the presence of a sales tax in Canada which had no undue publicity and is more gratifying, I suppose, to the consumer than a tax on his food here proposed.

Mr. HOWARD asked, Is the tax not added to his manufactured articles?

Mr. JONES. As a rule that is so.

The rate in 1929 was 2 per cent. In 1930, 4 per cent. The quotations I will later submit were before either of these dates. Oil and gasoline are subject to a sales tax (p. 245).

Representative MAX. My colleagues bought cigarettes (yesterday) at a price probably three times in excess of the cost in the United States.

Mr. JONES. You exercised better judgment in buying linens than they did in buying cigarettes.

Representative CLAGUE. Is there a tax on building material, lumber, shingles?

Mr. JONES. New lumber or materials for repair of buildings are taxable.

Representative Houstoun. What are a number of objections to the tax?

Mr. JONES. Occasionally some manufacturer says that the tax makes it a little more difficult to get customers to accept the goods. You have a variety of expressions of opinion.

Mr. JONES. It is rather giving everybody an opportunity to contribute to the necessary expenses of running the country (p. 248).

Representative MAY. The memorandum furnished us for the year 1920-21, the income from sales tax was \$38,000,000, round figures. In 1923-24 it was upward of \$100,000,000 and in 1930-31 it drops down again to \$20,000,000.

Mr. JONES. Up to the 31st of December, 1923, the tax was pyramided. (Afterwards changed to single tax.)

Mr. ADAMS. The following exemptions are of interest (p. 254): Butter and substitutes therefor—very curious to our American psychology not only to exempt butter but substitutes therefor. (Pending bill, p. 230, "butter, oleomargarine, and other substitutes for butter" exempted from tax.)

Mr. ADAMS (p. 256). The last collections from the Canadian tax indicate that under present conditions in Canada a 4 per cent tax would yield about \$44,000,000 a year.

Mr. ADAMS. I heard very little complaint. * * * The reason seems to be this, that the tax is passed on. I dare say there are exceptions, but if so, we ran across none. * * * I have no possible doubt that the tax in the main is shifted and paid by the consumer.

Mr. CRISP. Do the jobber and the retailer add a profit to the tax that the manufacturer pays resulting in the ultimate consumer not only paying the original tax but a profit on it to the different people who handled the article before it finally reaches the consumer? (Hearings, p. 257.)

Mr. ADAMS. I suppose that in form that usually happens.

Mr. CRISP. But the average business man will add a per cent of profit on top of what he paid for the commodity?

Mr. ADAMS. I think that is true in form and partly true in substance. You can not read that Canadian law without seeing between the lines a tremendous pressure exerted at various times. (For exemptions, p. 260.)

Mr. TREADWAY. Could that be overcome by any phraseology that might be written into the bill?

Mr. ADAMS. I do not believe you can avoid that problem.

Mr. TREADWAY. In this country?

Mr. ADAMS. Anywhere. (P. 260.)

The latter suggestion is only true where the interests affected have opportunity to be heard. The consumers were not called before the committee.

Mr. TREADWAY. What effect has the 4 per cent tax, raised from 2 per cent, had on receipts?

Mr. ALFORD. It has about doubled the receipts. The statistics are not segregated. Canada has really three sorts of sales taxes and receipts are all combined. (P. 265.)

Mr. CRISP. * * * Under these conditions and the knowledge you have as an American citizen do you favor levying of a general sales tax?

Mr. ALFORD. At the present time; no, sir.

The CHAIRMAN. Boiling down your ideas, in the first place you gather it (manufacturer's tax) is a very easy tax to administer.

Mr. ALFORD. It is; yes, sir.

The CHAIRMAN. And it seems to me a popular tax to the Government.

Mr. ALFORD. Yes, sir.

The CHAIRMAN. The manufacturer, of course, paying at the source, hands it down to the man who buys it.

Mr. ALFORD. There is no doubt about that. They all admitted it. (P. 267.)

The foregoing is offered to disclose that no effort was made by any witnesses to get the views of the unorganized consumers who pay the tax. As it is added to the price, it is a painless tax but none the less paid like a gasoline tax—without separation of the tax from the price. It also appears that each dealer from the manufacturer is expected to add his profit to the tax paid as well as the cost of the manufactured article.

100 PER CENT INCREASED PRICE

If only 2½ per cent is added, it is slight; but I offer at this point for illustration the testimony of ex-Senator Hardwick before the Ways and Means Committee on December 21, 1930. This was on another proposed sales tax, but the evidence is of value to show 100 per cent was added to the cost to consumers.

Mr. HARDWICK. Bottled goods that have a standard and uniform price throughout the country of 5 cents were immediately increased to the consumer (after levying of a 1 per cent luxury tax, or one-half-cent tax on 5-cent sale), until the article that formerly sold at 5 cents cost the consumer 7 to 10 cents. * * *

Mr. FREAR. Would not that apply, Senator, to the sales tax ordinarily; that is, without relation to the exact tax which the seller will be obliged to pay? He will place upon goods a price that will make even change.

Mr. HARDWICK. I have no doubt in my own mind, speaking personally, that that is true, and I understand that the gentleman

who presented the matter to your committee yesterday admitted that when that is passed on, ultimately it always gains a little, like the snowball going downhill in winter time * * * (p. 135).

Mr. FREAR. You say that these soft drinks were formerly sold for 5 cents?

Mr. HARDWICK. Yes, sir.

Mr. FREAR. Then what tax was added by Congress?

Mr. HARDWICK. Ten per cent.

Mr. FREAR. Then the same soft drinks were sold for 10 cents?

Mr. HARDWICK. They were sold at from 6 and 7 to 10 cents.

Mr. FREAR. In that case they added ten times the tax, did they not, if sold for 10 cents?

Mr. HARDWICK. Undoubtedly.

This increase of 100 per cent in price and 950 per cent increase on the tax is submitted of the workings of a sales tax.

Before including in these remarks data presented when the last proposed sales tax was before the Ways and Means Committee, I call attention to the fact that all the flock of lobbyists formerly here were left out this time, whether purposely or unintentionally. The other tax never reached the House but was discussed and as the record shows cussed by those supposed to be familiar with its workings—the ultimate consumer who pays the freight.

I do not presume that the record here offered will affect the action of the House where time is limited and 25 Members of the committee are registered in its support, but in the deliberative body at the other end of the Capitol the witnesses later quoted may possibly get more consideration.

It is conceded that the present Canadian sales tax is different from the one now in force, but the purpose of the tax, its loading of added price onto the consumer whether in form of a manufacturers' tax, opposed vigorously by high authority quoted in the past, all these factors are present in the bill before us. It proposes to raise \$600,000,000 on food-stuffs, canned and otherwise prepared—oleomargarine and other butter substitutes excepted—and including all wearing apparel, shoes, and every manufactured article, all of which is now to be passed on to the consumer by an increased price in order that he may learn to love his Government by this privilege to pay taxes on all manufactured articles not specifically exempted. As Mr. Jones, of Canada, says it gives him an "opportunity" to pay and the consumer, not Jones, then pays the freight. Farm taxes, local, county, and State taxes, school taxes, and all other taxes are something of a burden to the average taxpayer because definitely set forth in the tax statement. The sales tax is more painless but none the less effective, though the profits paid to different agencies from manufacturer to retailer are concealed.

I now submit extracts from speech of December 22, 1921, that relates to the Canadian sales tax and the one then proposed for this Government.

REVENUE LEGISLATION

Mr. FREAR. Mr. Chairman, at this session of Congress it is proposed to pass a consumption or sales tax that will lay a new tax burden and increased prices on necessities of life consumed by 4,000,000 to 5,000,000 idle laborers and their families, on millions of farmers and other laborers and their families who are now fighting for bare existence, and on over 3,000,000 ex-soldiers and their families, who are told the price of any compensation bill is a consumption tax.

A bill recently introduced provides for a consumption tax to finance a soldiers' compensation bill. Practically the same compensation bill overwhelmingly passed the House last session, but a similar consumption tax was then stricken from the bill. Powerful influences now urging a consumption or sales tax include several great influential newspapers and equally great financial interests, so that any attempt to stem the propaganda favoring a consumption tax may appear to be futile.

This is especially true when the tax is put forth to help finance a soldiers' compensation bill, who may prefer a half loaf to no bread at all, but in view of the announced purpose eventually to substitute a large consumption tax for the existing income tax, so stated by several witnesses before the Ways and Means Committee, reasons are here offered why a consumption tax should not be saddled on the backs of the American people through a soldiers' bonus bill or by any other bill. A published statement, credited to Secretary Mellon, that a compensation bill can be financed by a tax on wines and beer is not likely to receive serious consideration from the House, but sources of revenue will be suggested that can amply finance any soldiers' compensation bill which may be passed by Congress and justly should be made to do so.

Over a half billion dollars in annual revenues have been taken from Treasury receipts during the present session by repeal of the excess-profits tax, luxury taxes, and reduction of surtaxes, some of which were used to finance the prior compensation bill. These sources of revenue can well afford to pay reasonable tribute to the soldiers who, by winning the war, made such profits possible. In addition to these sources of revenue an annual income of over \$1,000,000,000 may be collected through an increased inheritance tax, gift tax, undistributed income tax, and last but not least, by interest on foreign debts. Other sources of revenue will be mentioned, from all of which several times the estimated required amount of \$350,000,000 annually can be raised to finance a soldiers' compensation bill.

If need be, the entire amount to be raised for the 5-year payments, estimated at \$1,500,000,000, can be paid out of sources of revenue hereinafter offered from one year's collections under normal conditions.

These suggestions are made incidental to a discussion of the objectionable sales tax, which is expected to find a vehicle for its passage in the compensation bill. Once adopted the tremendous influence and power behind a sales tax will be employed to prevent its repeal. A camel's nose under the tent will soon overturn the tent, according to the purposes of those who hope ultimately to shift the existing graduated income tax over to a general consumption tax. That is the proposition I desire to discuss, but in order to present the situation now confronting Congress it is proper to set forth what Congress has done recently in tax matters, so that the effect of the present sales-tax proposal may be carefully weighed before action is taken.

I have no quarrel with those who advocate any tax nor have I disposition to discuss scores of editorials favoring a sales tax that have deluged Members. Manifest errors could be pointed out, but I am content to place before you facts and opinions of recognized taxation authorities that must be faced by Representatives when called upon to enact a consumption tax.

THE TAX PROGRAM—WHY AND HOW PASSED

When powerful news agencies and big business men who control the press combine to push legislation through Congress it seems a hopeless task for individual Members to voice a passing protest before such legislation is adopted. Constant dropping of suggestions through the press has become a recognized influence felt in practically every important matter of legislation that comes before Congress. The plan to put a sales tax through Congress is being pressed so strongly that I feel it proper to call attention, so far as able, to the legislative situation, so we may not forget the viewpoint of the man back home or the man on the street who is not heard from in matters of legislation excepting when his ballot expresses approval or rejection of the record made here.

From recent legislation we may reasonably anticipate what will occur during the coming session. Let us recall, lest we forget.

Immediately following the 1920 election an unparalleled legislative propaganda was started by the press of New York and elsewhere, aided by Otto Kahn, Jules Bache, and many other financiers representing big business interests of New York City to carry out the following program:

First. To repeal the tax on surplus profits of corporations.

Second. To repeal or reduce higher surtaxes on incomes.

Third. To repeal taxes on luxuries.

Fourth. To enact a sales tax that eventually will supplant all income taxes.

A catching slogan adopted by the propagandists was, "Stop soaking the rich."

War developed new methods of propaganda that are now employed to control Federal legislation, and the power is never more dangerous than when inspired and pressed by self-interest. Demands from the big business bloc that taxes should be repealed before enactment of a new tariff law soon overwhelmed Congress, and Congress complied with that mandate by sidetracking the tariff and passing a vulnerable tax law.

This propaganda for the repeal of taxes on wealth was made in the face of a national debt of \$24,000,000,000 and \$5,000,000,000 of indebtedness maturing in 1923.

Before discussing the proposed sales tax law and propaganda which will again confront Congress on that subject we may well study the recent legislative record responsive to propaganda and know what real "blocs" have done during 1921 in Congress.

AGRICULTURAL AND OTHER "BLOCS"

A word as to the "agricultural bloc" that has stirred the complacency of aged existing blocs. I hold no brief for any "bloc," but Members so designated represent more than agriculture and agricultural interests, vitally important as these interests are to mankind. It may be said that Members included in the so-called agricultural bloc represent farmers and other laborers, organized and unorganized, and shopkeepers, clerks, and in fact practically ninety-nine people out of every hundred who do not draw down excess profits or incomes of \$10,000 or more annually which invite proportionate surtax collections.

Representing the ninety and nine of their constituents, in addition to the remaining 1 per cent, this so-called "bloc" does not always respond to the cry "be regular" when regularity consists only in relieving the exclusive 1 per cent of taxes from out their abundance and thereupon shifting the burden over to the ninety and nine through a consumption tax.

Long before the days when corporation blocs controlled the earth and its fullness thereof through consolidation and monopoly; be-

fore great financial blocs through credit control determined the life or death of individual industry; before great business blocs stifled and influenced the press through threats to withdraw advertising; before the days of 100 per cent to 500 per cent profiteering blocs that have aroused the Attorney General to prosecutions; before existing propaganda became a fine art—long, long before these days of modern blocs, there existed other blocs popularly known as "big business." Though unfinished in organization and possessing crude methods they were even then all-powerful in the political, legislative, and financial world.

Long prior to Winston Churchill's Conniston days their power was exercised in almost every large city, in nearly every State legislature from Massachusetts and New York to California, and in both branches of Congress.

Whether known as the "railway group," "manufacturers' group," or "bankers' group" their influence was felt even as other more powerful blocs are potent now, but the crudeness of early days has given way to modern skillful legislative manipulation which refused to permit 435 duly elected Representatives to offer a single amendment in the House on a 150-page revenue bill and allowed only two or three days of political "general debate" on the greatest bill of all history. Many other illustrations can be offered of that same bloc power. The old groups influenced legislation by antiquated methods, the modern financial bloc, by right of inheritance and habit, controls with an iron hand and directs us what to do.

INDIGNANT PROTESTANTS AGAINST "BLOCS"

Secretary Weeks, Otto Kahn, and other large banking and brokerage critics can open a Pandora's box of blocs, ancient and modern, and invite many rather direct inquiries by chiding and threatening Representatives in Congress who conscientiously act under their oaths of office.

I do not question the right of any of my colleagues to vote or act as they choose nor impugn their judgment as to legislation, but assumed indignation of vulnerable critics will deceive no one in this day and age regarding venerable blocs grown grizzled through long and constant service.

That the right to vote independently is not acceptable to those who assume to be guardians of our consciences and actions is evident from a statement given to the press on December 1 last by Mr. Otto Kahn, a representative of Kuhn, Loeb & Co., bankers and brokers of New York City, a copy of which was sent by Mr. Kahn to every Member of Congress.

He says:

"Business must organize to overcome the baneful effects of the agricultural bloc in Congress. * * * Business stands in need of a spokesman and organizer. * * * I mean an intelligent and effective representative of the aims and ideas of business in public affairs and corresponding attitude in primary and electoral campaigns * * * to prevent the ascendancy of selfish and narrow class and sectional interests and crude notions or demagogic appeal and thus aid in furthering the welfare in progress of the Nation."

Mr. Kahn not only seeks to be guardian of our legislative liberties but was a leading champion of the consumption tax before the Ways and Means Committee. He is constantly quoted in the press on that subject and, in fact, on practically every other subject which he generally discusses with self-confidence.

UNIQUE TRAINING OF SALES-TAX EXPERTS AND CONGRESSIONAL GUARDIANS

First and foremost is Mr. Otto Kahn, banker and broker. Mr. Jules Semon Bache, same business, and Messrs. Kline, Rothschild, and Goldsmith, all from New York City, who speak in general harmony and all work to the same end—to urge upon Congress the necessity of protecting New York brokers and bankers through a consumption sales-tax law—consumption, because if enacted into law it will consume a large part of the scanty means of the 100,000,000 people who have no excess profits, but whom Congress also represents.

With this passing reference to big business and sales-tax propagandists, let us briefly review a part of the program put through Congress during last session.

A HALF BILLION DOLLARS TAX REPEALED

First. The excess-profits tax has been repealed, as demanded by these interests, or "blocs," with a loss to the Treasury, even during poor business conditions of 1920, of \$450,000,000 annually.

Second. Surtaxes on great incomes have been reduced from 65 per cent to 50 per cent, with an estimated loss of about \$61,500,000 annually, although the propaganda demanded greater reduction than that allowed by the Senate, to which rate of 50 per cent the House agreed.

Third. All luxury taxes have been repealed, with a further loss to the Treasury of about \$60,000,000 annually.

A total estimated reduction in revenue receipts of approximately \$570,000,000 results from these three sources alone, or an amount equal to 25 per cent of all estimated income contained in the 1921 revenue bill passed during the present session, notwithstanding no reduction occurred in the \$24,000,000,000 national debt, nor has any provision been made to that end.

Some efforts to increase the inheritance and gift taxes occurred in the Senate, but notwithstanding we could have increased inheritance taxes over \$200,000,000 annually, which would have still remained below English rates of to-day, the attempt was blocked—not by any agricultural bloc, however—and was killed in conference under the plea that any inheritance-tax increase was another attempt to "soak the rich." Practically as much more could have

been received from gift taxes, but that, too, was prevented by the same interests.

Attempts to increase the corporation normal tax from 10 per cent to 16 per cent, as proposed by Secretary Houston in his 1920 report, were defeated and also blocked, but not by the agricultural bloc, and only 2½ per cent normal taxes were added to meet the promised Treasury deficit. This is only one-half the increase recommended by the Senate, and a 12½ per cent rate is only 40 per cent of the 30 per cent normal corporation tax of Great Britain to-day. Secretary Houston's 16 per cent rate would have raised \$150,000,000 more annually and would have helped meet the loss of \$450,000,000 caused by the excess-profits tax repeal; but the Senate amendment was rejected under the cry that it would "soak the rich."

A proposal to tax undistributed profits of corporations estimated by Secretary Houston in his 1920 report to bring \$690,000,000 annually was also blocked, but not by the agricultural bloc, and was rejected with slight consideration. This tax under ordinary conditions would bring to the Treasury over \$500,000,000 annually, based on estimates submitted by Secretary Houston, but the proposal was rejected because it was again distorted to mean "soaking the rich." In other words, the following is offered as a conservative estimate of what the 1921 tax bill might reasonably have brought to the Treasury but for the constant blocking of legislation by the cry it "soaked the rich and oppressed business." Here are the items:

First. Excess-profits tax repealed.....	\$450,000,000
Second. Reduced surtaxes on income.....	61,500,000
Third. Luxury taxes repealed.....	60,000,000
Fourth. Inheritance taxes.....	200,000,000
Fifth. Gift taxes.....	200,000,000
Sixth. Undistributed profits proposals rejected.....	500,000,000
	1,471,500,000
Corporation normal tax credit added of 2½ per cent.....	111,000,000
	1,360,500,000

To these items may be added over \$250,000,000 annually in interest payments on foreign loans that should be collected.

AVAILABLE REVENUES PREFERABLE TO A SALES TAX

These sources of revenue, with reenactment of repealed tax laws, will bring to the Treasury over \$1,500,000,000 annually with which to finance a \$350,000,000 estimated annual charge through a soldiers' compensation bill. Further sources of revenue are covered in the so-called "Victory taxes," carried in the soldiers' compensation bill which passed the House last session. They include increased surtaxes, a stock and bond tax, produce exchange tax, real estate sales tax, and tobacco tax, all of which are specially set forth in H. R. 14089, May 15, 1920, which passed the House overwhelmingly.

Again other sources of revenue were pointed out by me on April 27, 1920, based on reliable data furnished by Treasury officials to include increased taxes on automobiles, admissions, and so forth. These sources of revenue are here mentioned to forestall any assumed necessity for new "Victory consumption taxes" or "security sales taxes" that may now be urged under the plea they are required to finance a soldiers' compensation bill.

ALL TAXES TO BE COLLECTED FROM A CONSUMPTION TAX

Different witnesses, with astonishing frankness, have stated to the Ways and Means Committee that they want a consumption tax enacted so that it will become a substitute for the income tax and the graduated surtaxes provided under existing law.

They ignore the principle that taxes should be levied according to ability to pay, and substitute for this well-known principle a contention repeatedly exploded that all taxes are borne by the ultimate consumer. The testimony of able tax experts is to the contrary.

I quote briefly from the testimony before our committee of Jules Bache, a broker and banker of New York, one of the foremost advocates of a consumption tax, as to its purpose:

"Mr. HULL. Your idea, then, is to base all taxes as nearly as possible on consumption?"

"Mr. BACHE. Yes, sir."

Throughout Mr. Bache's testimony he repeatedly offered the sales tax as a method of taxation and substitute for all other taxes.

Dwight Braman, of New York, another representative of big business, testified before our committee on the following day, December 18, 1920.

"Mr. COLLIER. You do not believe in revenue taxes in normal times?"

"Mr. BRAMAN. No, sir. I can quote you authorities."

"Mr. COLLIER. You believe taxes should be raised through consumption tax and licenses?"

"Mr. BRAMAN. Yes, sir."

"Mr. COLLIER. You want to do away with the income tax altogether?"

"Mr. BRAMAN. Yes; ultimately, I do. * * *"

Mr. Rothschild, of New York, who with Mr. Bache has been a rival in leadership for the imposition of a consumption tax, stated to our committee in a 31-page pamphlet, as follows:

"My own personal view is that business through the medium of a small turnover tax could well pay the entire cost of economically running the Government, take care of the great national debt, and permit the dropping of other kinds of Federal taxation. Such

an exclusive tax would naturally eliminate a personal-income tax, relieve business from the burden of providing additional interest dividends or profits, which it must now furnish to pay the income tax."

Many other witnesses who claim to be tax experts representing the 2 per cent could be quoted on this same subject. Mr. Rothschild, in answer to a question by Mr. GARNER as to whether or not he would repeal the income tax, stated frankly:

"In my heart I believe nearly every dollar of income tax is somehow or other paid through business operations."

Mr. Rothschild added a significant statement in his pamphlet: "It is safe to assume that in the past for every dollar the Government has collected either as a duty on imports or excise tax on liquor and tobacco, the consumer paid at least \$2, or 100 per cent profit, on the duty and excise tax, which additional dollar the Government did not get."

To the same effect Senator Hardwick testified that upward of 5 cents extra was collected from the consumer on soft drinks and only one-half cent returned to the Government in taxes, or ten times the tax was paid by the consumer.

To the same effect, also, Canadian authorities claim prices there have increased several times over the actual tax that is collected by the Government revenue agent. We are thus facing an acknowledged situation that the same tax which costs the consumer several times the amount of tax turned into the Treasury is to become a general consumption tax that will eventually be substituted for all income taxes now paid under existing law.

WEIGHING THE TESTIMONY OF WITNESSES

In important trials at law where the conscious or unconscious bias of witnesses may influence the jury, the lawyers at the outset seek to ascertain what interest, financial or otherwise, may affect the witnesses' judgment. Witnesses are extremely human and, like the counsel in the case, are frequently prejudiced or strongly influenced by circumstances. In fact, few of us can escape that estimate, however free we may be from financial or conscious prejudice in legislation.

What of the witnesses whose opinions are offered for or against a sales tax? If, as is confidently predicted, a sales tax on consumption is to be substituted for the present graduated income tax, then everybody paying a large income tax has a direct financial interest in the enactment of a sales tax. Even Representatives in Congress are confronted with its personal effect on their own fortunes. Under existing law incomes now pay the following annual taxes to the Government:

Income	Normal tax	Surtax, 1921 act	Total tax
\$6,000.....	\$160	-----	\$160
\$10,000.....	480	440	920
\$20,000.....	1,280	440	1,720
\$25,000.....	1,600	780	2,380
\$30,000.....	2,080	1,440	3,520
\$50,000.....	3,680	4,960	8,640
\$75,000.....	5,600	11,800	17,400
\$100,000.....	7,680	22,460	30,140
\$200,000.....	15,680	70,960	86,640
\$500,000.....	30,680	220,960	260,640
\$1,000,000.....	79,680	470,960	550,640

The foregoing statement furnished by the Treasury actuary and given by Representative Sinnott, of Oregon, December 17, is here offered to show that the financial interest of a witness receiving \$25,000 income annually is \$2,380 annually, and of \$50,000 income is \$8,640. At \$75,000 income the witness has a \$17,400 annual interest in a sales tax, which is almost doubled at \$100,000, and reaches \$30,140 annual tax on a \$200,000 income. At \$1,000,000 income, indicating a fortune of about \$200,000,000, the personal interest of the taxpayer in a sales tax reaches \$550,640 annually. That enormous personal interest may be a measure for testing the judgment of some witnesses who advocate the substitution of a consumption tax for the personal income tax.

I am not discussing the merits of the income-tax rate, although the act of 1921 under the Senate amendment reduced all incomes below \$86,000 through the 50 per cent Senate rate. The table cited affords evidence of the comparative interest of every person paying an income tax in shifting his personal income tax to a general consumption tax. The income tax reaches every avenue of business, and we are reminded it affects bankers, brokers, financiers, great publishers, and even brilliant writers, who are fortunate to possess large incomes. That the personal side of the matter affects the opinions and judgment of those who feel that wealth is penalized may be reasonably certain.

How far it consciously affects the judgment or policy of those urging the sales tax is a matter to consider when we are asked to shift these taxes onto the many millions of men whose average income on which to support a family of five or more reaches less than \$1,000 annually, or to the millions of farmers whose average wage return in 1920 reached \$465, apart from investment, with a comparative purchasing power in farm products of only \$219 compared to prices in 1913. These figures, given by Representative Anderson of Minnesota, on December 21, offer a tragic picture of existing conditions, and yet we are asked to shift the income tax now paid by those in affluent circumstances over to the shoulders of the American farmer, who, out of his meager income, will be asked to pay a consumption tax for himself and every member of his family.

OTHER CONSUMPTION TAX WITNESSES

I started out to discuss the personal interest affecting testimony of financiers, publishers, writers, and others who appeal to Congress to pass a consumption tax and likewise of those who oppose the tax. It may be safely assumed that among those who oppose a consumption tax will be found 5,000,000 jobless, many of whom have wives, children, or other dependents, all of whom under a consumption tax will immediately contribute through what they eat, drink, wear, and use in higher prices. Many other millions composing the 98 per cent who receive annually less than \$1,000, and the 1,500,000 wage earners who receive between \$1,000 and \$2,000 income also have a vital interest in protesting against a consumption tax. Even the 1,500,000 other wage earners who receive between \$2,000 and \$3,000 annually, and the 600,000 other wage earners who receive between \$3,000 and \$4,000 are undoubtedly opposed to a consumption tax. Possibly a large majority of the remaining 700,000 tax returns of \$4,000 or over for 1918 may be affected by the personal equation against a consumption tax, but of the 252,000 persons receiving over \$6,000 per annum, who composed 1 per cent of the 26,000,000 voters in 1920, and the 60,000 persons receiving \$10,000 or over annual income a larger portion are probably influenced by personal considerations in favor of a consumption tax, notwithstanding it violates the principle of taxing according to ability to pay.

For the sake of illustration, let us assume that the entire 60,000 people receiving over \$10,000 annually favor a consumption tax because if the income tax is repealed it will relieve them of that tax burden, still 60,000 is a small proportion of the 106,000,000 people or of the 26,000,000 electors in 1920 who will directly contribute through any consumption tax.

This does not assume that taxation should be levied on the few because they are an insignificant minority compared with the many, nor does it contend that present income rates are equitably adjusted. Those are separate questions. I do contend that a consumption tax levied on the necessities of life in time of peace violates every fundamental principle of taxation and should not become law even though the 60,000 taxpayers receiving over \$10,000 annual income are estimated to possess nearly one-half of all tangible property of the country, because the rights of the remainder are emphasized through that fact.

Let it be conceded that the 60,000, if that number be accepted or double that number, are among the most powerful financially and otherwise in the country. That they exercise a controlling influence on many of the leading journals of the country that mold public sentiment, and that they have a voice in legislation through propaganda which can not be counteracted by the 106,000,000, a great majority of whom are helpless to give public expression to their views excepting at the polls.

SILENCE DOES NOT MEAN CONSENT

The silence of the many now, excepting as voiced by resolutions of which many have been received in opposition to a sales tax, does not mean they are willing to have us enact such law. They are not here as witnesses. They can not come here. The worker receiving \$1,000 or under for his yearly wage has no private car and, in fact, has no means of coming in person. Neither has the farmer, whose \$465 annual income was spent long before the Christmas days were reached.

These people are not here and have no means of propaganda to offset the tremendous flood for a sales tax that will be poured in on Congress. They leave us to act, responsible for our action to them. Who, then, can we call as unbiased witnesses?

I have a number of such witnesses who have testified on the subject. Not great financiers, publishers, or others who may have personal reasons for preferring a consumption tax to an income tax. Not the farmer back home or wage earner in the mill or in the mines, railway service, or elsewhere who is opposed to it for personal reasons, but I will call witnesses who are, generally speaking, disinterested financially. Who are not in the employ of sales-tax proponents. Witnesses whose study of economic questions make them experts in their lines—disinterested experts and witnesses who have appeared and laid their case publicly before the American Congress without concealment or subterfuge but subject to questioning from some of the ablest students of taxation.

WHY HAVE A CONSUMPTION TAX ON NECESSITIES AFTER HAVING JUST REPEALED A SALES TAX ON LUXURIES?

A sales tax, with all the sugar coating of sales-tax doctors, will not make the pills more palatable when the plan is fully understood and results are known. A turnover sales tax was an ultimatum first lodged with Congress by the metropolitan press last session. New York financiers like Kahn, Bache, and Rothschild kept the rails hot with private cars traveling to far off Florida to interview the President elect or appear before committees, where they painted black as white against opinions of acknowledged and disinterested experts and tax authorities. They then tried by sheer force of propaganda and a whirlwind campaign to put through a turnover sales tax. When the attempt was found futile these propagandists urged a retailers' sales tax, and finally, before adjournment, they stood for a manufacturers' sales tax. This tax failed in the Senate after hard pressing by the big business bloc.

That is the tax which is to be put through Congress during the coming session if it can be forced, and a campaign of persuasion and sales-tax propaganda, which includes many metro-

politan papers, is enlisted in a united effort to put over the tax. On a soldiers' compensation bill as a price for its passage such tax may be offered, with a certainty that the soldiers' and their families will thus be made to pay in taxes a large part of the bonus they are to receive, or else the consumption tax may be pressed as a direct proposal, without strings.

To this proposition it is asked, Why not openly again tax luxuries and add a 20 per cent tax to a \$500 fur coat rather than collect a 3 per cent to 4 per cent sales tax through a 10 per cent increase price on every pair of shoes? Why not openly add a 20 per cent tax to a \$200 music box rather than secretly collect a 3 per cent to 4 per cent consumption tax through a 10 per cent or more increase in price on a \$20 suit of clothes? Why not openly add a 20 per cent luxury tax to a \$5,000 limousine rather than secretly collect a 4 per cent tax by a 10 per cent increased price on foodstuffs? In fact, why not deal openly and frankly, placing a large tax on luxuries bought by those best able to pay rather than secretly taxing those least able to pay on the necessities they consume? The tax will be started at 2 per cent or 3 per cent and then increased in rate when once fastened on the country, as in Canada, until the principle is repudiated, as it is certain to be when understood by the consuming public.

"Make an experiment" is the oft-repeated cry of the sales-tax propagandist in the persuasive tones that a fisherman employs when trolling with his silver spoon hook for the unwary fish. Once hooked hard for a time the fight is over. It was such bait that propagandists pressed on Congress to secure a repeal of the excess-profits tax, in order to stimulate business, but, now that the tax is off, we are informed manufacturers and exporters are at a lower figure than ever before. The hook with its attractive bait was swallowed whole.

It was such bait that propagandists pressed on Congress to secure a reduction in surtaxes on wealth, in order to release vast amounts that would immediately enter the channels of trade. No tax student, however amateurish, swallowed the bait, because all economic laws and the amount of money involved made such promise ridiculous, but surtaxes were reduced, as we well know, and yet not one business wheel has been turned in consequence. Again, the propagandist asks us to try an experiment by laying taxes on the necessities of life to "help business." Without a single logical argument to support the new gold-brick proposal, will Congress enact a consumption tax?

We have untaxed wealth far beyond the most sanguine hopes of those who are benefited, and now to complete the unprecedented program we are asked to put a consumption tax on the people of the country, a great majority of whom find existence a hard problem to solve during the 365 days of every year. I hold no brief for the poor or rich, but any plan that places the poor and the rich on the same level in meeting the expenses of the Federal Government is abhorrent to every sense of justice and opposed to every sound principle of taxation, while those who insist the consumer pays the tax in every case are both illogical and inaccurate in such statements.

THE CANADIAN SALES TAX

In Canada they are experimenting with the sales-tax system. Canada has a debt burden double our own per capita after deducting foreign loans due the Government and is without hundreds of great mushroom fortunes on which to draw pursuant to modern and ancient tax principles. Canada, with an experimental attempt hardly begun, is trying out a sales tax after allowing hundreds of exemptions in order to make it more palatable to her people. All Canadian tax officials, strange to say, speak well of their job, and the tax, and I offer a naive, innocent statement of Major Hobart, of Montreal, who is a sales-tax official, according to the press, and has the same pride in his system that the official executioner has in his electric chair. Hobart says, "The Canadian law provides, roughly, for a 3 per cent tax on sales by manufacturers, wholesalers, and jobbers. Of course, the consumer pays the tax eventually, but he does not know it." A sort of tax electrocution to Hobart that is both painless and effective. Hobart describes the government tax of 15 cents on a \$5 pair of shoes as small. But no one believes that manufacturers, wholesalers, and jobbers who pay license fees and incur extra expense under the Canadian system and who can load on to the cost 15 cents or 50 cents, or far more, at their pleasure, where the "consumer does not know it," will limit extra charges to the legal tax. Across the border in this country illustrations have been afforded of modern profiteering ingenuity that loaded the original cost of the article several times before it reached the consumer.

Placed on chairs, cuffs, collars, churns, and on everything from chocolate and cinnamon to cement, and on shirts, shoes, socks, soap, sugar, and from sofas to both cream and steam separators, think of the war profits, and denunciation, deserved and undeserved, that would be heaped on a sales tax and on any Congress that loaded this new unprecedented burden on the people when profiteering highwaymen have established unprecedented records in the recent past.

In order to prevent a stampede from this obnoxious tax we are advised certain exemptions are granted on foodstuffs in Canada, but the camel's nose, once poked under the tent, will be there to stay and to be pressed farther as opportunity develops in order to supplant the income tax, as urged by Bache and others. If exemptions on foodstuffs are to be had at the outset, why not exemptions from a tax on boots, shoes, socks, and caps for the children? With one hand we have just taken the tax off candy and chewing gum and removed the tax burden from the garments

of the rich and all taxes on luxuries, while with the other we are now asked to place an adhesive plaster of unparalleled proportion on everything the people eat, drink, wear, and use, with a few sugar-coated exemptions to be later determined. With one hand we have removed a 3 per cent tax on transportation specific and fixed, while with the other we are asked to add 3 per cent to 4 per cent secret tax with unlimited opportunities to pyramid profits.

"PAYING A TAX WITHOUT KNOWING IT"

From sales-tax propaganda there are three major reasons why a sales tax should be adopted:

First. Many financiers could thereby shift taxes to the 98 per cent.

Second. Many publishers could thereby shift taxes to the 98 per cent.

Third. Big business could thereby shift taxes to the 98 per cent. Three minor reasons are also advanced:

First. The consumer pays all taxes.

Second. He loves country more by knowing he is taxed.

Third. Under a sales tax he does not know he pays the tax.

Ergo, the three major interests that now pay no taxes would have the consumer still pay taxes "without knowing it."

The first chapter of a consumption-tax campaign is now on. This "painless" tax "will be paid without knowing it." It will make it "a pleasure to give" and will swell our Treasury vaults to bursting without anyone knowing when or how they paid the tax. This campaign of colored ribbons, banquets, and lollipops is now furnished intelligent legislators by papers and propagandists that daily, weekly, and monthly picture the beauties of a sales tax on everything we eat, drink, wear, and use. Only a little added cost to the article is an apologetic explanation to the legislator and taxpayer.

In other words, "you do not really pay the tax"; you just blissfully drift along, and first thing you know a billion dollars has been added to the Treasury from some unknown source, taken right out of the air or from under the magician's hat, with a now you see it and now you don't movement that pleases, mystifies, and sometimes deludes.

We have just passed through a period of high prices and profiteering where retailers and department stores in many cases have soaked consumers, and continue to soak them, irrespective of costs through combinations, gentleman's agreements, exchange of prices, and other means which have contributed to the new method of doing business. Whatever the cost, we realize we are still paying from 50 per cent to 100 per cent over pre-war prices on many of the necessities of life, while wages have steadily dropped or have stopped, due to unemployment, with tragic results. Only a comparatively few men with concealed income returns to which the public has no access are hauling in their profits with war-time regularity. Testimony regarding a few profiteers coming from high source is quoted:

"WASHINGTON."

"Protesting against the Fordney tariff bill rates on plate glass, Charles R. Sligh, a furniture manufacturer of Grand Rapids, Mich., told the Senate Finance Committee to-day that 'during the carnival of high prices in 1921, the glass manufacturers, jobbers, and the manufacturers who polish and silver mirrors advanced prices to a point 540 per cent above the prices prevailing in 1915. The colossal profits acquired from these enormous advances have come from the pockets of the consumer,' said the witness. Senator La Follette asked the witness for a statement of his own profits, and Mr. Sligh promised to furnish it, but added that furniture now was being sold by his company practically at cost."

In the CONGRESSIONAL RECORD of December 21, Chairman Fordney named scores of articles purchased last month wherein the profits added by the seller and paid by the consumer frequently reached over 500 per cent. No limit through taxation or by law exists whereby the consumer can be protected from this shameless robbery, and to these unconscionable evidences of profiteering we are now asked to annex a consumption tax.

A SALES TAX IS COLLECTED THROUGH INCREASED PRICES

A consumption tax means higher prices because it is the only way the tax can be collected by the manufacturer, who thereafter passes it on down to the jobber and wholesaler until it reaches the consumer. All the traffic will bear is added to-day for profits irrespective of cost, a heritage of the war, and when a sales tax is also placed on the shoulders of the consumer from the manufacturer down to the final consumer it will then add new profits where possible, like the old familiar method of rolling the snowball. Profiteering prices have not disappeared, and yet we are asked by law to continue their existence by an added tax placed through those prices on every consumer in the land.

Practically every department store and many retailers may be depended upon to favor this tax, because it affords a good excuse for added profits that can not be scrutinized or known by the consumer. If the article costs the consumer more than he or she expected, it will then be due to the tax levied by our Government through Congress on those who are permitted to enjoy the blessed privileges of having a bare living.

In other words, Congress has repealed the ice-cream, face-powder, jewelry, and other taxes heretofore openly collected by the retailer and is now asked to levy a secret tax collected all along the line through increased prices levied on the necessities of life.

I have quoted heretofore, in a discussion of the sales tax, authorities or testimony submitted before other organizations that

have studied the effect of a sales tax from every conceivable angle, including a turnover sales tax, a wholesalers' and retailers' sales tax, and everything that comprehends a consumption tax.

Men appointed by the National Industrial Conference Board represented 25 affiliated businesses or organizations having represented assets of several billion dollars and hundreds of thousands of employees. They are tax experts and financially disinterested. They had no personal tax motives to influence their judgment. They were not employed by great wealth to speak for them as any attorney might speak for a client. These witnesses were unprejudiced. Starting out in their deliberations in favor of a sales tax, by a surprising agreement in judgment they reached a unanimous verdict against a sales tax. I submit extracts from their statements submitted to the National Conference Board in open session.

TESTIMONY OF TAX EXPERTS AGAINST A SALES TAX

Arthur A. Ballantine, attorney at large, New York City, formerly Solicitor of Internal Revenue, says, page 32, hearings National Industrial Tax Committee:

"I believe that this idea of a sales tax, a tax collected everywhere, falling on no one, is a will-o'-the-wisp which has floated over this field of taxation and which is in danger of luring business men who approach Congress in an effort to get really beneficial changes into futile action instead of constructive action.

"I believe that this committee, by the very careful and exhaustive consideration which it has given to the advocates of this plan and its careful thought as to conclusions, has done much to dissipate this myth and to direct the efforts of business men into practical channels instead of down a pathway which leads to futility."

For the second witness I quote from Charles A. Andrews, whose frank, clear analysis of the sales tax is illuminating. He says, page 38:

"There was on the committee no vociferous objector to the sales tax. There was on the committee nobody who was loaded to kill it. We started in upon the assumption that we were going to work out something in the form of a sales tax. We invited various well-informed people to come before us. We reached out and got printed matter and manuscripts; we made investigations; and slowly but steadily the committee was driven to the inevitable conclusion that it, representing a large body of business men, could not bring before this conference a recommendation for any form of sales tax, except as the same related to a few specific articles, suggestions as to which we have made, and which have been referred to by Mr. Armitage.

"We haven't the nerve, as good citizens of the country—which we believe we are, and are trying to be—to say to a body of business men in this country, who are suggesting that business be relieved from a billion dollars of excess-profits tax, that we propose a tax which will cause the billion to be paid by the ultimate consumer. That is such a violent divergence from the principle of payment upon the basis of ability to pay that we can not ask this body of business men to get behind that sort of a tax.

"We do not believe, in this day and generation—and following the World War, instead of following the Napoleonic wars—that we have any business to propose seriously to the Congress of the United States a tax of a billion dollars, or two, or three (I don't know how much it would produce—all those figures are given), to be paid by the ultimate consumer, and organized business excused from its billion dollars of excess-profits tax.

"We don't think that is good citizenship; and we don't think that is good economics. That is the real reason that we disposed of or rejected the sales tax, upon the assumption that the tax is paid by the ultimate consumer.

"A SALES TAX IS AN UNJUSTIFIABLE TAX ON GROSS RECEIPTS

"Well, let us assume that the tax all remained with the original payer of it, and that it is not passed on to the consumer. Does it then become a tax which we can justify ourselves in recommending to Congress? Your committee says 'No.' * * * Why? If the tax remains with the individual or concern which originally pays it and he is not able to pass it on, it becomes a tax measured in terms, although not so stated, of his gross receipts; and as such, in the opinion of your committee, it is open to such serious objections that we can not ask Congress to pass it. * * * A tax on gross receipts which leaves out of the equation all the difference in cost of the conduct of your business as compared to mine—perhaps it takes 90 per cent of my gross receipts to conduct my business and pay my expenses; perhaps it takes 50 per cent or 70 per cent or 95 per cent of yours—is an unjustifiable tax. * * * The establishment of a tax like that would, in the opinion of your committee, produce such inequalities that our dissatisfaction with the excess-profits tax would be as nothing and we would find ourselves in the face of inequalities vastly greater than heretofore. * * * It is uneconomic in its nature; it is indefensible, in our opinion, in the twentieth century, if it is a general tax on all consumptions; and for other reasons it is equally indefensible if it becomes a tax in terms of gross receipts, which term means nothing so far as it relates to the ability to pay taxes."

BACHE SHOWS HOW TO AVOID A CONSUMPTION TAX

Mr. Jules Bache, called as a hostile witness before that committee, gives his own concept of human nature and a cold-blooded alternative for the ultimate consumer who can not pay the tax. He says, "Quit consuming." I quote from his statement before the industrial committee (p. 58):

"Professor Adams this morning showed the greatest optimism that I have ever heard voiced from the tribune. He states that he believed the taxpayer was a cheerful, voluntary, honest man. That is not my opinion. The taxpayer—and I am not attacking his honesty when I say so—spends 11 months a year devising schemes by which, during the 1 month that he tries to make up his tax statement he can avoid as many of the taxes as is legally possible, and he generally succeeds in avoiding many of them.

"The idea of putting a thrift tax into our taxes, which the 20 per cent limitation would be, is an excellent one, but the greatest thrift tax would be the turnover tax, since if anybody didn't want to pay any taxes he could merely refrain from consuming."

THE CANADIAN TAX IS NOT A SALES TAX

W. C. Cornwell, an employee of Mr. Bache, read a statement of the Canadian sales tax at that same meeting (page 60), to which Robert G. Wilson, chief of the tax division, American Mining Congress, immediately replied, as follows:

"I don't know how many gentlemen present are familiar with the Canadian law, but it has been my fortune within the last three or four years to spend some time in Canada, and, for business reasons, make some intensive study of the Canadian law. To my mind the Canadian law is not a sales tax.

"In the first place, the law of July 1, known in the United States as a sales tax, is an amendment to the special war revenue act of 1915, which is an excise tax law.

"What Mr. Cornwell has had to say regarding the Premier's statement is true. The statement, however, is misleading in that it refers to a sales tax which, in its effect, exempts all the prime essentials of life, from such taxes; it is only an addition at the rate of 1 per cent and 2 per cent, to excise taxes—luxury taxes, if you please—which rise sometimes 50 per cent upon many commodities—luxuries, essentials, and nonessentials. It is not, as the business men's tax committee has termed the proposition, a sales tax."

The next witness, Mr. J. F. Zoller, tax attorney of the General Electric Co., says at the same committee hearings, page 62:

"I want to talk just a minute on the sales tax. Now, we have reached the parting of the ways here in regard to the sales tax. Personally, I am opposed to it for the reasons stated by Mr. Andrews. I can't state those objections any better or as well as he did. But the situation as I see it is this: The people who are favoring the sales tax are those who are already required to pay a sales tax under section 900 of the present law, and their position is that if the Government can select this industry and impose a sales tax upon us, why not spread it to other taxpayers?"

WHY ENGLAND REJECTS A SALES TAX

The next witness is James J. Forstall, of Chicago, attorney at law and member of the tax committee, who speaks of efforts to pass a sales tax in Great Britain. He says (p. 67):

"Comment has been made on Canada and Mexico. I would like to say that two weeks ago yesterday, through the courtesy of Professor Haig, I had an opportunity to discuss with one of the members of the British income-tax commission and with one of the high tax officials of the British Government the question of the British taxation situation. As you probably all know, they have about as little love for the excess-profits duty as the Americans have for the excess-profits tax, and have been spending two years in trying to find a substitute, but they haven't yet found it. I asked each of those gentlemen whether the general sales tax has been considered as a substitute, and they both said the same thing: That it had been taken up and considered very seriously, but that now they were no longer considering it, because they were convinced that it was neither an equitable tax nor feasible from an administrative standpoint, nor one which could possibly be passed through Parliament."

THE CUMBERSOME MEXICAN SALES TAX LAW

For the next witness I quote from A. E. Holcombe, New York, secretary and treasurer of the National Tax Association. He says:

"I happen to have with me a copy of a bulletin which is just about to come out, and in view of the references to other countries I thought I might read a couple of sentences from the report on the Mexican situation. It seems that early in the Carranza régime he established a committee to look into the entire financial system in Mexico. That committee made an elaborate report, and it has been reviewed by Professor Chandler, of Columbia, who spent some time himself as adviser.

"It is perhaps not too much to say that the most important proposal to be found in the entire model plan (and that was the name given to this report) is that recommending the suppression of the sales tax throughout the States of Mexico. . . . It has always been a costly tax to collect, and according to the opinion of Mexican officials, who are in a position to know, it has constituted one of the most cumbersome impediments to industry and commerce."

HOW FARMERS REGARD A SALES TAX

The next witness, J. R. Howard, of Chicago, speaks for a million and a half farmers in the American Farm Bureau Federation. He speaks the sentiments of several million other farmers not connected with the organization of which he is president. He says (p. 68):

"The farmer is interested in paying his just and fair proportion of taxation. He believes every man, every citizen, should pay some tax, because it makes him a better citizen, but he believes that that taxation should be so distributed as to be fair and equitable, and in proportion to each man's ability to pay."

"With regard to the sales tax, let me say that the farmer occupies a unique position. I think it has generally been conceded in this discussion that the tax is passed down to the ultimate consumer. The farmer can pass nothing to the ultimate consumer, because he buys at the other man's price and sells at the other man's price, and being at that disadvantage and not able to pass it on, he bears an unjust burden and is in a place where I am sure he, as a farmer, will object to the broad extension of the sales-tax principle."

Mr. H. C. McKenzie, of Walton, N. Y., a member of the tax committee, seconded Mr. Howard's testimony in vigorous language, as follows:

"I want to take the opportunity to emphasize the farmer's objections to a general sales tax, which have been voiced by our president, Mr. Howard, and to call your attention to just two or three things briefly. . . . The chief proponent of the sales tax has told you that the excess-profits tax is not only paid by the ultimate consumer but that the ultimate consumer pays the tax two or three times in amount. Now, if that is right, the corporations and people who are doing this business are receiving a benefit from the excess-profits tax, and the corporations and business people are the people who are asking for its repeal; they are asking for something that is diametrically opposed to their own interests. According to the chief proponents of the sales tax, the sales tax is paid by the ultimate consumer in its entirety; that is their proposition, as I understand it.

"Now, your proposition, as developed by the advocates of the sales tax, is this: To take an approximate \$1,000,000,000 off the excess-profits tax, which is now paid, as I contend, largely by the corporations, and put it over, according to the proponents of the sales tax, on the ultimate consumer. It seems to me that nothing could be more short-sighted and tend in the end to be a boomerang and to be a disadvantage not only to business but to capital than to strive to shift the burden of a billion dollars from the business people who now pay it to the living wage—which is what it amounts to—the ultimate consumer. Ninety per cent or 95 per cent of that tax will be paid out of the living wage, if the contention of the proponents of the sales tax is correct; and I want to say that the farmers who are represented in the American Farm Bureau Federation will never in the world stand for that proposition."

"FARMERS WILL FIGHT TO THE END"

Let me interject a witness at this point whose tenderness for wealth and capital has no conspicuous place in his published statement, from which I quote. I offer an extract from an article given to the press by George P. Hampton, managing director of the Farmers' National Council, an organization representing an enormous constituency. No one will doubt that equally forceful demands are voiced by the millions of organized and unorganized labor who are to be placed in the new class of turnover sales taxpayers. Mr. Hampton says:

"A direct tax could be levied upon capital values, and should be promptly levied by Congress instead of seeking some method of placing additional burdens of taxation through a retail sales tax, a general sales tax, and other consumption taxes upon the hundreds of thousands of families who to-day are receiving several hundreds of dollars less than they need to maintain the American standard of living. . . . A retail sales tax and other sales taxes and all similar taxes on food, clothing, and shelter, called consumption taxes, must be paid chiefly by the workers on the farms, in factories, mines, and transportation, millions of whom are getting less than the minimum wage necessary to maintain a family on a decent American standard."

Mr. Hampton concludes:

"The full money cost of the war must be paid by taxes on incomes, corporation profits, estates, and privileges. Such taxes will yield \$7,000,000,000 to \$8,000,000,000 a year for many years without imposing any hardship upon anyone. American farmers, who this year have lost billions through the slump in farm prices, will fight to the end the plan for the selfish privileged interests to saddle the huge war debt upon our people for years, and insist upon prompt payment of that debt by those who profited so hugely by the war and by the monopolies built up in this country before and during the war."

A RECOGNIZED GREAT TAX AUTHORITY ON THE SALES TAX

I could quote from many other witnesses before the board, who have not "wobbled and wavered," for months, but the witnesses I have cited against the sales tax are tax students and authorities, men who have given the question thorough consideration in most cases, are apparently unprejudiced, and whose views are of great value in determining matters of taxation. One of the greatest international tax authorities, whose textbooks are known to every student of taxation, has expressed himself on the subject of a sales tax. His contribution on the sales tax here and abroad is concise, fair, and positive. I quote from the statement of Dr. E. R. A. Seligman, of Columbia University (national industrial tax committee hearings, p. 72):

"The sales tax is not a novel tax, as the Premier of Canada said. If he had followed an academic course in taxation, he could have learned of many examples, dating back as far as thousands of years ago. The Romans had it, not to speak of the Egyptians and the Babylonians. I do not want to give a lecture on taxation; I am simply trying to call attention to the fact that the sales tax has existed in one form or another for a great many years. With only two exceptions, it has been abolished everywhere and has not been reintroduced in any first-class coun-

try, and those two exceptions are Germany, which reintroduced it in 1919, and France, which, as has been said, introduced it in 1920. Now, before we consider the experiences with this tax, it must be remembered that we can learn little one way or another, either for or against it, from Mexico, or Cuba, or the Philippines, or Canada, all of which are countries of insignificant economic proportions, where we do not find the real kind of sales tax that we have been discussing to-day."

DEMOCRACIES OPPOSE SALES TAX LAWS

Again (p. 74):

"The proposition now is to take off one of those three chief categories—the tax on excess profits—and remove the burden from profits on wealth or income, and put it on the other or consumption side. This would, in my opinion, unduly shift the balance and bring us too near the position formerly occupied by all the aristocracies of old, and still reflected in some of the European countries. * * * (P. 75.) Why is it that England and America show their democracy, their real democracy, so much more than countries in the difficult position of Italy, or France, or Germany? There you will find throughout the war, and even now, the great mass of taxes imposed upon the consumption of the common man; whereas in England and in the United States during the Great War, as over against our experiences in the Civil War, the great majority of taxes are raised from wealth; that is, from those who can afford to pay, rather than from the consumption of the necessities and comforts of life. * * * After the United States, the two countries of the world which are making the most progress in fiscal reform are England and Italy—for Italy is doing better than France. When these two countries came to consider this problem, they went into the question of a sales tax thoroughly and finally rejected it. On the other hand, the two big countries of the world that have adopted the sales tax, Germany and France, did so only as a last resort, after exhausting every other available source of taxation. * * * Germany was forced to this sales tax in the last extremity, and in France the same is true. * * * I have been in California for eight months, and had the pleasure some time ago of addressing a large body of business men in San Francisco assembled to discuss this question. I found that the situation was precisely that which was presented by our committee. Everyone was anxious to get rid of the profits tax, everyone had heard that here was a way out, and it captivated them all; every man in that room was in favor of a general sales tax. But after I had talked with them, not so much in opposition as trying to show that there was another side of the question which they must begin to study, it was marvelous to see what a change came over them; not because I spoke—because anyone would have done just as well—but simply because attention was now called to some of the less obvious aspects of the case.

"A sales tax on the sales of capital would ruin New York City as the financial center of the country. A sales tax on the necessities of life would evoke a political struggle the like of which we have never seen in this country (p. 77).

"The sales tax represents an attempt to put an undue, an extravagant burden upon the consumer, instead of on the producer or the possessor of wealth (p. 79)."

Doctor Seligman discloses why Messrs. Kahn, Bache, Rothschild, and others of like antecedents from the "aristocracies of old" favor a sales tax.

I will willingly leave my colleagues in Congress to say whose advice is to be considered. Shall it be that of a man whose judgment is not warped by personal or pecuniary interests, who handles the subject with the mind of a master; Seligman, whose opinion is supported by two great tax-investigating committees, by the experts of the Treasury, who have spoken through Secretary Houston, and by a dozen reputable witnesses quoted?

UNITED STATES CHAMBER OF COMMERCE

The United States Chamber of Commerce is a large organization including separate chambers in every large city of the country. Ordinarily 9 out of 10 of the hundred thousand or more individual members pay an income tax. It is a great organization for modern propaganda. No matter what proposal may be before Congress the United States Chamber of Commerce, with its conceded powerful organization, carries weight.

It conducts "referendums" that are supposed to reflect the views of individual units, but frequently they no more reflect the careful judgment of individual members than the average petition which men are reputed to have signed to hang themselves.

The United States Chamber of Commerce in 1920 appointed a committee of nine exceptionally able men, including tax experts, to advise the chamber, and incidentally Congress, on the most satisfactory tax proposal that could be offered.

While the attention of the committee was largely devoted to a turnover sales tax, it considered every variety of tax that could be presented, and finally that committee, like the committee appointed by the National Industrial Conference Board, came to a unanimous vote against a sales tax.

Its members had every reason from personal interest doubtless to favor a consumption tax, but after many weeks' consideration they, too, unanimously agreed that a sales tax was unjust and vicious, because it violated the tax principle of taxing according to ability to pay. From that report, unanimously agreed to, I quote:

REPUDIATES PRINCIPLE OF TAXING ACCORDING TO ABILITY TO PAY

"Perhaps the greatest inequity, however, would appear in the proportionate results of any of the taxes here under considera-

tion upon the person with small income as compared with the person of large income. At the bottom of the economic scale are persons whose income barely suffices to provide them with necessities of the poorest quality and in the smallest amount, and at the other end of the scale are persons whose expenditures for necessities, no matter how large, represent but a fraction of their income. Any tax falling upon general expenditures is consequently disproportionately heavier for persons of smaller incomes as compared with persons of larger incomes. To the extent sales taxes of the sorts that have been suggested were used as a general source of revenue there would be a departure from the principle that taxes should be levied in accordance with ability to pay.

"OF DOUBTFUL LEGALITY

"Finally, there would seem to be legal difficulties in the way of a general sales tax. Opinions handed down by the Supreme Court in March and June of this year make it clear that such a tax is not authorized by the income-tax amendment to the Constitution. Whether or not it would be held by the courts to be an indirect tax is uncertain; if it were held to be a direct tax, it would, under the Constitution, have to be apportioned among the States in accordance with their population, an obviously impracticable procedure. Reliance for revenues in large amount should not in any event be placed upon a tax regarding the legality of which there is doubt."

After the two committees appointed by these great aggregations of capital and financial influence had made report against any sales tax a strong movement occurred among individual members of the chamber of commerce to set aside the findings of its committee. Self-interest again became a striking factor and propaganda among the various member units in favor of a sales tax was showered on them from interested agencies. When the referendum was taken, the members, who had heard little against the sales tax, voted as follows:

On the referendum, Should a sales tax be substituted for an excess-profits tax? 702½ for and 857½ against.

Should a sales tax be levied in addition to an excess-profits tax? 767½ for and 894 against.

The United States Chamber of Commerce voted against a sales tax when the question was first presented to its membership by a referendum, notwithstanding it represents the wealth of the country and had been persistently hammered for a contrary verdict.

Again the same interests showered sales-tax propaganda on individual members of the chamber and demanded another referendum. Again tremendous pressure, now being exercised on Congress, came from the same self-interested agencies in favor of the tax, and finally a second referendum was returned against the unanimous report of the chamber's committee of tax experts that has rejected a sales tax.

All of which proves that the chamber of commerce will respond to propaganda, and if sufficiently sustained, irrespective of its merits, a decision may be had that will utterly repudiate the value of its experts or of its judgment first rendered. Will Congress be equally subservient?

THAT 23 PER CENT EXCESS-PROFITS TAX "JUDICIALLY DETERMINED"

It has been a frequent argument offered by sales-tax advocates that all taxes, whether certain or indefinite in amount, are eventually paid by the consumer irrespective of comparative business ability, efficiency, or competition between sellers, and that an average increase in price of 23 per cent, according to the Department of Justice, occurred through the excess-profits tax. Increased prices frequently reached 230 per cent and over, but had no relation to the tax, according to experts.

I do not intend to discuss any statement regarding a 23 per cent addition to cover the excess-profits tax, because a moment's consideration will evidence the absurdity of this argument advanced by sales-tax advocates. Ten thousand experts could not ascertain any average tax added to profits by hundreds of thousands of excess-profits taxpayers on many millions of sales where costs and selling prices fluctuate and profits reach from several hundred per cent, as quoted by Mr. Fordney to the House, to 540 per cent, quoted by Mr. Sligh, as herein set forth. Treasury experts laugh at the 23 per cent proposition still seriously quoted by sales-tax advocates, but I offer the best evidence of its unreliability in a letter from the Department of Justice, from which I quote:

DEPARTMENT OF JUSTICE,
Washington, D. C., May 14, 1921.

Hon. JAMES A. FREAR,

House of Representatives, Washington, D. C.

MY DEAR MR. CONGRESSMAN: Replying to your letter of May 30, 1921, in which you request a copy of any statement made by this department in regard to the effect of the excess-profits tax upon the cost of living, I have to advise you that after a thorough search of the files and records of the department, I have been unable to trace the report in question. I am, however, having a further search made, and have written to former officials of the department requesting that they furnish me with information which you require. I shall be very glad to give you any data that are available upon this subject if any such shall come to light in the near future.

I may say that I have been in touch with the statistical bureaus of the various departments of the Government in this city, but have not succeeded in securing any data whatsoever upon the subject of the effect of this tax on the cost of living.

Very truly yours,

GUY D. GOFF,
Assistant to the Attorney General.

No further word on the subject has been received, although the same response was offered to others in search of the same information. In other words, profiteering uses tax laws only as an excuse to charge consumers all that the traffic will bear.

SALES-TAX WITNESSES AT CONGRESSIONAL HEARINGS

Quotations from disinterested witnesses opposed to a sales tax have been offered, as evidenced by public hearings of the national industrial tax conference.

Many of these same witnesses and others appeared before the Senate Finance Committee last May, and the hearings afford a reasonably complete legislative textbook on the subject of a sales tax. Men of unimpeached standing and ability repudiated any sales-tax proposal, although the hearings frequently related to a turnover sales tax, which is an exaggerated manufacturers' jobbers' tax. It is, however, subject to the same fundamental objections of pyramiding, profiteering, secrecy, inflation of prices, and burden on consumption.

Printed hearings covering over 200 pages are devoted to arguments by many witnesses opposed to a sales tax. From these I quote briefly from several witnesses on different phases of the same subject to indicate the many objections that exist to this consumption tax:

PRESIDENT PLUMB, OF THE NATIONAL INDUSTRIAL CONFERENCE BOARD
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"J. C. Peacock, Albee Building, Washington, D. C., representing Mr. Fayette R. Plumb, president of Fayette R. Plumb (Inc.), Philadelphia:

"I might explain just why Mr. Plumb intended to appear here himself. He is unable to come to-day and has asked me to take his place. Mr. Plumb, a prominent manufacturer of Philadelphia, is interested in this subject, not so much on his own account but because he served as chairman of the tax committee of the National Industrial Conference Board, of which committee I happened to serve as secretary, and copies of the final report were sent some time ago to all Members of Congress, including, of course, members of this committee."

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"I can say, from my own knowledge, that Mr. Plumb was personally a very strong advocate of the sales tax, but as that committee went into the subject more and more it realized that in making its report it could not properly make a report favoring a sales tax or any form of the sales tax unless it could satisfy itself in its mind that the objections which were raised were not insuperable, and Mr. Plumb personally, and most of the members of the committee, finally came to the conclusion that a sales tax was unwise and impracticable.

"I make that explanation in order that you might realize that what I say and what I present for Mr. Plumb is from a man who started not from the position of an opponent of the sales tax but from the position of a very ardent advocate of the sales tax, and reached the conclusion that his first idea was wrong and that he had to change it.

"Senator Smoor. Have you got any of Mr. Plumb's arguments in favor of the sales tax?

"Mr. PEACOCK. Yes; I have them here—in favor of or against?

"Senator Smoor. Oh, I wanted some in favor, and then I could judge what changed his mind. He was an awfully strong advocate of it for years, and he must during that time have written some very strong articles for it.

"Mr. PEACOCK. I think I have made the statement—and if I did not make it clear I will state that Mr. Plumb, like most businessmen, a year ago favored the sales tax. I might say of my own personal knowledge for about two months when I first became associated with the committee Mr. Plumb was a very ardent advocate before that committee of the sales tax, and during that time I will also say that several meetings of the committee were devoted to conferences across the table with some of the leading advocates of the sales tax at that time. Mr. Rothschild and Mr. Lord attended the meetings of the committee, and not merely attended but took active part in the discussions of the committee.

"As some of you may perhaps remember, about four or five years ago it was my privilege to assist this committee in the capacity of legislative draftsman, and also the House Committee on Ways and Means, and during that time I had the privilege of assisting in drafting both the revenue act of 1916 and 1917.

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"Mr. PEACOCK. Mr. Plumb points out that the most unfair thing about this tax and the thing which makes it fundamentally unsound is that it conforms neither to the principle of ability to pay or to the principle of benefits received.

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"Mr. Plumb refers to a matter which may have been brought to your attention; if not, you will probably want to look further into it. [Reading:]

"It is interesting to know that not only American business men, when they see both sides of this question, see the unfairness of the sales tax, but also that the greatest organization of manufacturers in Great Britain—that is, the Federation of British Industries—came to the same conclusion."

"Mr. PEACOCK. That is an experience almost identical with the experience of our own national industrial tax committee; and I can say this because I know from my own knowledge that they,

not having seen a copy of this report, used that very same word 'reluctant' in their report. They started out and wanted to report favorably to the sales tax, and they were forced in the report I have mentioned to use the word 'reluctant.' They could not do it.

"THE CREDIT MEN OPPOSE A SALES TAX

"R. G. ELLIOTT, REPRESENTING 33,000 'BUSINESS UNITS'

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"Mr. ELLIOTT. Mr. Chairman, the National Association of Credit Men is an organization of 33,000 business units—manufacturers, mining companies, wholesalers, and financial institutions. Our membership is made up of the business units and is not an organization of individuals. The committee on Federal taxation, of which I happen to be chairman, was organized just a little more than three years ago, and has been very active ever since in the study and discussion with our various members at their various meetings on the subject of Federal revenue."

"It is true that while at the outset of our study of taxation we were more or less impressed with the seeming simplicity of a tax on business transactions; nevertheless, after we had given the subject very careful thought, we came to the conclusion, which seems to us inevitable and which is concurred in by many of the other organizations, that it would not be a practical method of raising a large amount of Government revenue; that it would not be equitable; that it would not be sound; that it would be bad for business in general."

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"The committee, which was spoken of here this morning, of the National Industrial Conference Board, with whom I had the pleasure of sitting throughout their meetings last year, also, as you know, came to that conclusion. The wholesale grocers of the State of New York passed a resolution condemning the sales and turnover tax. Also, I believe the wholesale grocers of Pennsylvania, New Jersey, and Delaware, if I am correct in that, passed a similar resolution a short time ago. The bulletin of the Retail Grocers' Association states that the retail grocers are opposed to it.

"It might be interesting to note that I have just last evening received a telegram from the Cotton Yarn Merchants' Association, of Philadelphia, in which they state:

"Understand you are representing Credit Men's Association as opposed to sales tax. Cotton Yarn Merchants' Association also opposed. Would like to cooperate with you. If can be of assistance, please advise us by wire."

"I simply mention those things as indicative of the widespread feeling on the part of a great many business men that the sales tax is not the savior of the situation.

"H. R. M'KENZIE, REPRESENTING AMERICAN FARM BUREAU FEDERATION, OPPOSES A SALES TAX

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"Mr. M'KENZIE. I speak for the American Farm Bureau Federation, which has between one and two million members and represents, roughly, about 5,000,000 people in this country. We think that any changes made in our present tax system should be made in view of four general principles: (1) That a man's net income is the true measure of his ability to pay taxes in support of the National Government; (2) that the rates should be progressive; that is, that the larger the man's income the higher the rate; (3) that as this is the country of all the people everybody should have some part in supporting the Government, and that a certain portion of the taxes can therefore justly be raised through the tariff and other consumption taxes; and (4) while recognizing that the raising of the revenue is the first consideration in any tax scheme, the taxes should be so laid as to tend, as far as practicable, to the distribution of wealth in the hands of the many and not to its concentration in the hands of the few.

"We want to draw clearly the difference between income and consumption taxes, because we think there is a vital difference which should be kept in mind. If my memory serves me correctly, in 1919 seventy-three and a fraction per cent of the taxes were raised through income and excess-profits taxes, and about twenty-six and a fraction per cent through consumption taxes. We think that that proportion is approximately correct as far as principle (3) that I have enunciated is concerned.

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"Senator McCUMBER. You do not think that 73 per cent of the income and excess-profits taxes were not finally paid by the ultimate consumer and is not finally a consumption tax?

"Mr. M'KENZIE. I would like to answer that by asking you a question. You are asking that on the theory that all taxes are ultimately passed on to the consumer?

"Senator McCUMBER. I am asking that because I want to find out if there is any tax that is levied against either an industry or an article.

"Mr. M'KENZIE. Yes; there are such taxes. I believe that if you change the taxing basis from net income to a sales tax you have done what President Harding in his message referred to when he said, 'The country does not expect and will not approve a shifting of burdens,' that you will be shifting very largely the burden from those who are able to pay to the pockets of those who are not able to pay. You will be relieving the banker, the broker, the great newspapers of part of their taxes and shifting them to other shoulders. These are the people who are urging the sales tax."

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"Mr. McKENZIE. We believe that this general sales tax is unsound in principle; that it is unsound economically; that it is unsound from a social standpoint; and it is governmentally inexpedient. * * *

"Senator McLEAN. Then you think the excess-profits tax has resulted in raising prices to the ultimate consumer?

"Mr. McKENZIE. Not to the extent claimed for it. You are familiar with the statement attributed to the Department of Justice that the excess-profits tax added 23.2 per cent to the cost of living. I sent an investigator to the department to see what basis there was for these figures, and he reports that he saw Mr. Reid, and that they have made a thorough investigation of their files and have not been able to run down any reference whatever to this percentage. I would like to suggest that the committee thoroughly looked into this.

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"Senator McLEAN. The excess-profits tax can not legitimately be charged back to prices. * * * Nevertheless, I think the going was good, and it was used as an excuse for raising prices.

"Mr. McKENZIE. Most of them did not need any excuse. They took all the traffic would stand.

"Senator McLEAN. Very likely you are correct about that, but as long as we maintain excess-profits taxes they will continue to use it as an excuse.

"Mr. McKENZIE. And they will continue to get all the traffic will bear if it is repealed. * * *

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"Mr. McKENZIE. As a matter of fact, you gentlemen who are familiar with the French taxation system know that they have a sales tax over there, and that since it went into effect last July it has not produced half of the money that it was estimated to produce. * * * I think the French are just as good tax collectors as we are, and I think we would get about the same general proportion of taxes from the general sales tax as from the soda-water tax.

"Senator JONES. Where do you get those figures from with regard to the collection in France?

"Mr. McKENZIE. Here are the figures that you asked for. That tax went into effect in July. For the months of July and August the estimated receipts were 700,000,000 francs. The actual receipts were 292,791,500 francs. For the month of September the estimates were 460,000,000 francs. The actual returns were 234,000,434 francs. For the month of October the estimates were 460,000,000 francs and the actual returns were 205,492,000 francs. For the month of February the estimates were 413,000,000 francs and the actual yield 151,571,000 francs. That shows how the sales tax is being enforced in France. That information is issued by Dow, Jones & Co., of the Wall Street Journal, and, as I understand it, the figures were gotten by one of the very large bankers in New York. * * *

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"Senator CALDER. I would like to get the people back to you if I could.

"Mr. McKENZIE. You can if you make farming profitable.

"Senator SMOOT. You referred to the Canadian taxation, and thought it was very much better than our taxation or proposed taxation.

"Mr. McKENZIE. You say I thought it was better?

"Senator SMOOT. Better than the proposed sales tax.

"Mr. McKENZIE. No; you misunderstood me. What I said was that they had no retail sales taxes. They had abolished them all.

"SENATOR SIMMONS. If it should be decided to eliminate the excess-profits tax and to greatly reduce the surtax and the income tax, have you made any calculation as to what the wealthy in this country will pay? * * * (Continuing, p. 329): Have you made any calculation as to what amount would be left for the wealthy to pay? To my mind very little would be left. The bulk of the taxes raised in this country would then be paid as consumption taxes and there would be very little left. If you eliminate these two things, it would be raised through impositions that will have to be paid by the wealthy class.

"Mr. McKENZIE. If I get your question rightly, what I anticipate would happen if those things should be done, instead of having 75 per cent of our taxes come from incomes and excess-profits taxes and 25 per cent come from consumption taxes, you would have about 75 per cent of the tax put on the common people and 25 per cent or less on the wealthy.

NATIONAL GRANGE ALSO OPPOSED TO A SALES TAX—T. C. ATKESON,
WASHINGTON REPRESENTATIVE OF THE NATIONAL GRANGE

(Page 242)

"The National Grange is opposed to a general sales tax in any form, and I am authorized to present its opposition by two resolutions which were adopted at its last annual meeting at Boston, Mass., in November, 1920, which resolutions were presented to the session, referred to the appropriate committee, thoroughly considered by such committee, reported back to the general body, and, after full consideration, adopted by unanimous vote.

"The first resolution reads as follows:

"The grange opposes the repeal of the excess-profits tax and the substitution thereof of a tax on sales or any similar tax law."

"You will note that this resolution also opposes the repeal of the excess-profits tax, a subject which is also before this committee.

"The second resolution was this:

"The grange opposes a general sales tax because in effect it is a consumption tax and adds an unfair burden to all purchasers without reference to their ability to pay."

"These resolutions were not the only action of the National Grange on the subject of taxation at its last session. Its position upon the ever-present question of taxation is not a matter of recent consideration or sudden determination. The tax program of the National Grange has been before the annual sessions of that body and before the various annual sessions will show the development of a sane and constructive tax program based upon equity and fair distribution of the tax burdens, having in mind that the first principle of taxation should be justice between individuals and the second principle distribution according to ability to pay. * * *

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"Against this general sales tax in any and every form some of the largest and most representative organizations in the country are aligned. Among them will be found farmers generally. The National Grange declaration is typical of the general farmer opposition. Every other farmers' organization of which we have a record which has taken any action at all has adopted resolutions opposing this tax. All the agricultural newspapers are opposed to this tax. All of the labor organizations are on record in opposition to it. Every organization of consumers of which I have any information is in opposition to it. One of the most representative, if not the most representative, research organization representing the great national industries—I refer to the National Industrial Conference Board—after a thorough investigation, went on record in opposition to this tax. The Chamber of Commerce of the United States has conducted one referendum which resulted in a considerable majority against the sales tax, then took up the matter at its recent convention in Atlantic City, where its tax committee could not justify a resolution in favor of the sales tax but ordered another referendum.

"If, in a democracy, legislation is supposed to be determined by the wishes of a majority of the individuals and not by a majority of the wealth, the above showing answers the question as to whether or not this Congress will pass general sales-tax legislation.

FARMERS' NATIONAL COUNCIL OPPOSED TO A SALES TAX—BENJAMIN C. MARSH, REPRESENTING THE PEOPLE'S RECONSTRUCTION LEAGUE AND FARMERS' NATIONAL COUNCIL

(Page 351.)

"The CHAIRMAN. Whom do you represent, Mr. Marsh?

"Mr. MARSH. I represent the People's Reconstruction League and the Farmers' National Council.

"The CHAIRMAN. How many members have you?

"Mr. MARSH. I can not tell you exactly. I know this, that there are upward of 3,000,000 members of the organizations whose officers or chief executives are members of the executive committee of the People's Reconstruction League.

"The CHAIRMAN. Have you got a list of your membership?

"Mr. MARSH. We have a list of the organizations, and they know what membership they have in each organization. * * *

"The CHAIRMAN. I would be very glad to know how many you represent, and whether they are carried on the roll of membership, and just where your credentials are. Anyone can come in here with a fancy name of some league and claim they represent the earth.

"Mr. MARSH. We make no such claims and no such pretensions. The officers and executive committee of the People's Reconstruction League are: President, Hon. Herbert F. Baker, president Farmers' National Council; vice presidents, William H. Johnston, president International Association of Machinists; C. C. Connolly, president United Farmers of America; Mrs. Florence Kelley, general manager, George P. Hampton, managing director Farmers' National Council; treasurer, Jackson H. Ralston; executive secretary, Benjamin C. Marsh, secretary Farmers' National Council. Executive committee: The officers and Warren S. Stone, grand chief Brotherhood of Locomotive Engineers; William Bouck, master Washington State Grange; E. H. Fitzgerald, grand president Brotherhood Railway and Steamship Clerks; E. F. Grable, grand president United Brotherhood Maintenance of Way Employees; Timothy Healy, president International Brotherhood Stationary Firemen and Oilers; J. W. Kline, president International Brotherhood Blacksmiths, Drop Forgers, and Helpers of America; E. C. Lasater; Arthur Le Sueur; J. H. McGill; James P. Noonan, international president Brotherhood Electrical Workers; R. W. H. Stone, president North Carolina Farmers' Union; L. E. Sheppard, president Order Railway Conductors; Frank P. Walsh; T. C. Cashen, international president Switchmen's Union of North America; J. A. Franklin, international president International Brotherhood of Boiler Makers, Iron Shipbuilders, and Helpers of America; John McParland, president International Typographical Union; John A. Voll, president Glass Bottle Blowers' Association of United States and Canada; Charles B. Stillman, president American Federation of Teachers.

"We assert that there is no need for a sales tax or for any other tax upon consumption, and I shall quote the figures to show it.

"In 1918, the last year for which official figures are available, the net income of those subject to the personal income tax was \$15,924,639,399, of which, in round figures, \$4,848,000,000 was income from property. Just over two-thirds of the total income from profit, or \$3,259,000,000, was received by the 478,952 persons, each of whom had a net income of over \$5,000.

"Now, gentlemen, while you are considering any additional taxes upon the workers of the country—and mind you, there are several millions with dependents and certainly 10 per cent of the population of America is either out of employment to-day or on part time—you are going to make them pay taxes by levying on their meager savings or upon what they borrow.

"Now, what about the wealthy? Each of the 245 individuals who received an income during 1918 of \$500,000 or more had, on the average, an income of \$399,359 left after paying his income tax in 1919, while the 3,013,816 families having an income of \$1,000 to \$3,000 had an average of only \$1,926 left. In other words, the 245 persons who had an income of \$500,000 and up to \$500,000,000 or more, therefore had left on the average two hundred and seven times as much income apiece after paying their income tax last year as the 3,000,000 individuals and families who had incomes of \$1,000 to \$3,000.

"The 245 persons each of whom had an income in excess of \$500,000 in 1918, received on the average an income from property of \$1,038,816 plus on the average an income from 'personal service and business' of \$285,637, a total average, without deductions, of \$1,323,453.

WHAT AN INHERITANCE TAX WILL REACH

"I am going to quote from a representative Wall Street journal, an article in the September 11, 1908, issue of Commerce and Finance, published then at 15 Wall Street by the Theodore H. Price Publishing Corporation. I read from an article on 'A national inheritance tax law,' by Mr. Richard Spillane. Mr. Spillane says that there are 10 American millionaires possessors of fortunes of \$125,000,000 or more, with an estimated total wealth for these 10 of \$2,500,000,000. He gives a total classification of 22,696 millionaires having, in 1918, an estimated wealth of \$68,056,250,000. He estimates at that time, and his paper did, the total wealth of America as \$250,000,000,000. We now place it, and Commerce and Finance does, at \$500,000,000,000 instead of \$250,000,000,000. Mr. Spillane asked this question: 'Would a 40 per cent tax be excessive in the case of a \$500,000,000 or \$1,000,000,000 fortune? Not much. Money accumulates rapidly. A tax of 40 per cent would take \$400,000,000 for the State and leave \$600,000,000 for distribution among the heirs. It is reasonable to suppose that within five years the \$600,000,000 would grow to \$700,000,000 or \$800,000,000.'

"Commenting on his statement that that wealth would increase from \$600,000,000 to \$800,000,000 in five years, he says of this tax, 'there is nothing confiscatory in that.'

"On the same basis which justified Commerce and Finance, which is a very careful publication, in estimating the wealth of these 23,000 millionaires in 1918 at \$68,000,000,000, we estimate their wealth to-day at approximately \$156,000,000,000, or nearly 10 times our net national debt and over 27 per cent of the national wealth. A heavy Federal estate or personal tax would easily yield at least \$20,000,000,000 within the next 10 years and from two and a half to three billion dollars a year for the next few years, and Congress should promptly enact an estate tax that would yield this amount.

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RAILWAY TRAINMEN OPPOSED TO A SALES TAX—W. M. CLARK, REPRESENTING THE FOUR TRAIN-SERVICE ORGANIZATIONS

"Mr. CLARK. Mr. Chairman, I am Mr. W. M. Clark, and I represent the four train-service organizations. I have a very brief statement that I would like to submit to the committee and have it appear as a matter of record. It is very brief and perhaps it might be all right if I should make my statement first.

"The CHAIRMAN. You reside here in Washington, do you, Mr. Clark?

"Mr. CLARK. I do not reside here, but I am stationed here and have been for the last eight years.

"The CHAIRMAN. What do you mean by being stationed here?

"Mr. CLARK. We have our offices here; that is, the representatives of the four train-service organizations, in connection with legislative work. We have had our offices here for nearly nine years.

"The CHAIRMAN. What is your position?

"Mr. CLARK. I am vice president of the Order of Railway Conductors of America and national legislative representative.

"The CHAIRMAN. What about the Brotherhood of Locomotive Firemen and Engineers?

"Mr. CLARK. I am speaking for the four train-service organizations.

"The CHAIRMAN. You may proceed now.

"Mr. CLARK (reading):

"Mr. Chairman and gentlemen of the committee, in appearing before you to-day we do so as the representatives of the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Engineers, Order of Railway Conductors, and Brotherhood of Railroad Trainmen, whose membership consists of approximately 600,000 citizens of the United States. These members and their families are vitally interested in the question of taxation or any other question which may have a tendency to increase their existing cost of living.

"The question of the repeal of the excess-profits tax and the substitution thereof of a sales or turnover tax has been called to the attention of the membership of the organizations we represent and an expression from them asked for, with the result that we find unanimous response from this membership being opposed to the repeal of the excess-profits tax and likewise unalterably opposed to the enactment of a sales or turnover tax law.

"The working people or those dependent upon wages and small salaries, or, in fact, those with small incomes, are being put to a severe test to make ends meet, and, in fact, many of them are running behind and going in debt every day, and this, coupled with the serious unemployment situation, materially affects the general welfare of the great masses of our citizenship. Therefore, this class of our people can not stand increased burdens brought about by increased taxation, which we believe will be the result of the enactment of a sales or turnover tax law.

"Senator SMOOT. Have you given this any special attention yourself?

"Mr. CLARK. I am somewhat familiar with it, Senator.

"Senator SMOOT. Can you tell me how it is going to increase the burdens?

"Mr. CLARK. Well, because it places additional taxes and burdens on the people who are the least able to pay.

"Senator SMOOT. You say that just as a matter of fact?

"Mr. CLARK. As a matter of conviction.

"The CHAIRMAN. It is a very smooth phrase.

"Senator SMOOT. It is very nice, indeed; but where the sales tax will impose a 1 per cent tax upon you people, the existing laws will impose 3 or 4, and of course, you do not want that relief.

"Mr. CLARK. Well, Senator, I find that there is a vast difference of opinion on that subject.

"The CHAIRMAN. How much do you estimate the sales tax will bring into the Treasury?

"Mr. CLARK. I have not figured that out to a definite conclusion. You gentlemen who have figured it out are better able to speak on that point.

"Senator CURTIS. Those who have figured it out do not agree.

"Mr. CLARK. I have heard it said that lawyers do not agree at all times. However, that is not germane to the subject.

"We are satisfied that the very least that could be hoped to be accomplished by a 1 per cent sales or turnover tax would be about \$8 per capita, and that, based on the average American family of five, would be a minimum of \$40 per year; and we are inclined to believe that this would be increased to probably the sum of \$200 per year to each family, the whole burden being borne by the consumers or the great masses of the people who are least able to pay these costs.

"With the constant agitation for a reduction in wages, cheap labor, the relief from taxation of 'big business' and large estates that is now permeating our country, to add to this the further agitation for a sales or turnover tax, it seems that the great masses of American workingmen and their families are facing a most serious and far-reaching economic problem. This makes the masses of the people, which are the working men and women in industry and agriculture, believe that there is a constant, well-defined, and well-organized effort on the part of the special interests or classes to escape the burdens of taxation and shift them to the masses of the people in order that they may add to and continue to enjoy their already amassed wealth and fortunes.

"The CHAIRMAN. That is a pure demagogic statement, in my opinion.

"Mr. CLARK. I have only a few more lines.

"This sows the seeds of discontent and leads the people to believe that this Government is drifting rapidly to class legislation and class domination.

"The membership of these organizations is not seeking to evade its duties or responsibilities and is willing to meet its just obligations to its country and its institutions, but we are most earnestly opposed to further burdens being placed on the people for the benefit of the few and in order that the few or the privileged class may be permitted to live in luxury and escape their responsibilities.

"In conclusion we desire to place the membership of these four engine, train, and yard service organizations squarely on record as being opposed to the repeal of the excess-profits tax and unalterably opposed to the enactment of any form of sales or turnover tax. We trust that your honorable committee will not recommend any such plan nor that the Congress will enact any such legislation.

"Respectfully,

"W. M. CLARK,

"Vice President and National Legislative Representative,

"Order of Railway Conductors.

"H. E. WILLS,

"Assistant Grand Chief Engineer and

"National Legislative Representative,

"Brotherhood of Locomotive Engineers.

"P. J. McNAMARA,

"Vice President and National Legislative Representative,

"Brotherhood of Locomotive Firemen and Engineers.

"W. N. DOAK,

"Vice President and National Legislative Representative,

"Brotherhood of Railway Trainmen."

"The CHAIRMAN. Have these orders ever had a meeting and passed resolutions expressing the sentiments that you have embodied in this statement?

"Mr. CLARK. They have met and come to the conclusions submitted herein, and have come to the executives of these organizations outlining their position and attitude.

COMMITTEE OF MANUFACTURERS AND MERCHANTS OPPOSED TO A SALES TAX—WALTER W. LIGGETT, CHICAGO, ILL., REPRESENTING THE COMMITTEE OF MANUFACTURERS AND MERCHANTS OF CHICAGO

(Page 360)

"Mr. LIGGETT. Mr. Chairman and gentlemen of the committee, I want to make it particularly plain to you that in appearing here against the sales tax I do not appear as an individual. I am the authorized spokesman of the Committee of Manufacturers and Merchants of Chicago on Federal Taxation and also of the Farmers' Federal Tax League of America.

"The Committee of Manufacturers and Merchants on Federal Taxation, which has headquarters in Chicago, has a membership of more than 30,000 business men, representing some of the most solid and reputable firms in the United States.

"The Farmers' Federal Tax League of America, of which Lieut. Gov. George F. Cummings, of Wisconsin, is president, also has a very representative membership of practically all the agricultural States in the Union. . . .

"The National Association of Credit Men, which is an organization which is fairly representative of American business and industry, has also taken strong ground against a sales tax. I submit as representative of the views of this organization the following statement by Mr. J. H. Trego, its executive secretary:

"'Why should spending rather than saving be taxed?' That is the question puzzling J. H. Trego, executive secretary of the National Association of Credit Men. Writing to the 33,000 manufacturers, wholesalers, and bankers composing the membership of the organization, Mr. Trego has the following to say regarding the proposed sales tax:

"'We have heard advocates of the sales tax say that spending and not saving should be taxed. Let us look a while and see whether this is a real common-sense and fair statement. Inordinate spending and inordinate saving are equally bad. One is prodigal and the other is miserly. If spending is necessary, if common-sense spending is important to the commerce and industries of a people, why should spending rather than saving be taxed? It is not a fair proposition, in our opinion, and when you consider a man with a large family who must spend more than a man with a smaller family to impose a tax on sales is inequitable and unfair. It seems strange to us that so many good men have been gripped by the idea of a sales tax, especially a turnover tax, when on a careful analysis such a tax would be very unequal in its application and prove in years just as burdensome and uneconomic as the excess-profits tax.'

"It is perhaps significant that neither Mr. Houston, Secretary of the Treasury under the Wilson administration, nor Mr. Mellon, Secretary of the Treasury of the Harding administration, are willing to recommend a sales tax. Dr. Thomas Sewall Adams, adviser of the Treasury Department of both administrations, has the following to say on the sales tax:

"'Our organization, the Committee of Manufacturers and Merchants on Federal Taxation (Inc.), with headquarters at 1346 Altgeld Street, Chicago, which speaks for 30,000 manufacturers, jobbers, and merchants and nearly 150 commercial organizations, have gone on record against the sales tax in the following language:

"'What business men might seemingly gain in lower taxes under this plan they would much more than lose, not only in increased strikes and labor disturbances but in smaller profits due to the decreased trade that would follow. This is not mere theory; it is a historic fact. Any tax that will raise the price to the consumer is bound to cut down sales. Any tax that will increase the cost of living and reduce the purchasing power of the buyer is certain to restrict demand, curtail commercial activity, and slow down production generally. As this is written, word comes from Canada that the Government has now lifted the tax on numerous luxuries because the higher prices, resulting from the imposition of the tax, has practically cut off all demand and forced many luxury-making industries to the wall. Such has been the experience in all countries and in all times. It was the stagnation of business caused by a sales tax rigidly enforced that brought Spain in the Middle Ages from the pinnacle of prosperity to the depths of poverty, just as it was the stagnation of business, due to the heavy sales tax imposed in the Netherlands by the Duke of Alva, that reduced that sturdy little nation to a howling wilderness.

"'No matter how or when or where a tax on industry be levied, the effect is always to injure industry. Tax sales and you cut down the number of sales; tax imports and you shut out imports; tax manufactures and you check manufacturing; tax improvements and you lessen improvements; tax commerce and you prevent exchange; tax business and you drive it away.'

"So far as known, every farmers' organization, including the Farm Bureau Federation, has gone on record against a sales tax. Organized labor is taking the same position, as it might naturally be expected it would. With fully 80 per cent of the population of the country as represented by labor and by farmers opposed to the sales tax, and with business men sharply divided as to their attitude, it is not to be expected that Congressmen will be sympathetically inclined toward a sales tax.

"Senator SMOOT. If Mr. Samuel Gompers comes out for a sales tax you would favor it, would you not?

"Mr. LIGGETT. I beg your pardon?

"Senator SMOOT. If Mr. Samuel Gompers announced his approval of a sales tax, you would be for it?

"Mr. LIGGETT. No, sir; certainly not. We have nothing to do with the opinion of Mr. Samuel Gompers.

"Senator SMOOT. If the Grangers were in favor of it, would you be in favor of it?

"Mr. LIGGETT. Senator, I personally do not change my views upon such flimsy pretexts. I am now speaking for the association of merchants and manufacturers—

"Senator SMOOT. You are calling attention to these parties being opposed to it; but if they should change their opinion, that would not change your mind at all?

"Mr. LIGGETT. Not at all, Senator. You are stating a hypothetical case and I am stating facts.

"Senator SMOOT. We will see about that before a month is over.

"Mr. LIGGETT. All right. Thank you."

ORGANIZED LABOR OPPOSED TO A SALES TAX—EDWARD F. MCGRADY, WASHINGTON, D. C., REPRESENTING AMERICAN FEDERATION OF LABOR

(Page 404)

"Senator WATSON. Mr. McGrady, will you kindly state your full name, your residence, and whom you represent?

"Mr. MCGRADY. My name is Edward F. McGrady; my residence, Washington, D. C.; I am representing the American Federation of Labor. Mr. Chairman and members of the committee, Mr. Gompers was extremely anxious to appear before your committee to-day, but at the last minute he was called into a conference of national scope, which will mean a great deal to labor in this country, and he felt that he had to be there. . . .

"The executive council of the American Federation of Labor, which has just concluded a conference at Cincinnati, adopted a strong protest against the sales tax. This will be submitted to the American Federation of Labor convention which meets in Denver in June.

"In addition to this protest of the executive council, we have received in our office thousands of letters of protest from labor unions from every section of the country. The American Federation of Labor therefore is appealing to you in behalf of the American worker.

"Five millions of the now idle workers and many other millions whose wages have been reduced from 25 to 60 per cent are now going to be called upon to assume that burden in the form of a sales tax. Big business, not satisfied in reducing the standards of living of the wage earners, is now attempting to shift the burden of war and the cost of Government from its own shoulders to the backs of the workingmen and women of the country.

"The American worker to-day is toiling for a living wage. A living wage is nothing more than a horse gets—enough to eat and a place to sleep. This proposal would be a tax upon his entire inadequate income, whereas the wealthy would pay out of their excess profits.

"Again, there are many of the well-to-do who have very small or no families to support, while the poor people with large families, of three to six or more children, would be taxed for each and every mouth in their household. The more children in a family, the larger the tax.

"To be sure, the automobile dealer, the fur dealer, the diamond dealer, and other dealers in the luxuries of life want their taxes reduced, and in doing so they are willing to place extra taxes upon the necessities of life, such as food, fuel, clothing, etc.

"Mr. Otto H. Kahn, in a report to the National Industrial Tax Conference, declared:

"'Taxing a poor man's breakfast table is a formidable slogan to run up against.'

"But the sales tax is not only taxing the breakfast table but his supper table and his dinner pail. The 'full dinner pail' has elected many men to public office, but what will happen to the men or party who place a tax extraordinary upon a 'half-filled dinner pail'?

"Senator SIMMONS. You are satisfied that that paper you read reflects the sentiments of Mr. Gompers?

"Mr. MCGRADY. I state that positively; that that paper reflects Mr. Gompers' sentiments and those of the executive council of the American Federation of Labor.

"Senator DILLINGHAM. Does it also represent their understanding of the provisions of the bill that is under consideration?

"Mr. MCGRADY. I should say so.

"Senator SIMMONS. It has been said here that if we do not impose a sales tax under the system of taxation that will probably have to be adopted, the consumer would have to pay a heavier tax than if we impose the sales tax. What is your view about that?

"Mr. MCGRADY. I do not believe that is so, Senator. It seems rather peculiar to me that if the big business men of this country are trying to get rid of the excess-profits tax, and, as has been said, if this sales tax is put into effect, the consumer will only be taxed one-third of what he is paying now, we would like to know who is going to pay the rest. If a sales tax is adopted and it is only going to cost the consumer one-third of what he is paying now and the big business men are going to get rid of a lot of taxes that they want to get rid of, where is this money going to come from? Somebody has to pay it."

The extracts from Senate hearings have been offered in order that a general understanding may be had of the character of protest against a sales tax which is voiced emphatically by the farmers and organized laborers of the country through their national organizations. Opinions of experts heretofore quoted have not been repeated, and arguments where cumulative have not been referred to, but one more witness whose testimony takes 30 printed pages of the hearings is too important to omit. Probably

no authority on taxation in this country or any other is more highly respected than Dr. Edwin R. A. Seligman, professor of political economy, Columbia University. His writings are accepted as unprejudiced and thorough expositions of tax problems, and his time was unlimited before the committee. His statement of experiments and failure of various forms of sales tax was so comprehensive that without reference to other authorities already quoted, Doctor Seligman's statement is a well-rounded and complete answer to arguments favoring a consumption tax. I quote briefly as follows (p. 457):

SALES TAX OPPOSED BY HIGHEST AUTHORITY

"Professor SELIGMAN. I am here, Mr. Chairman, at the invitation of several of the Senators, including Mr. La Follette and Mr. McLean, who have asked me to say something about the sales tax and kindred matters. I am especially sorry that Senator McLean is not here to-day. He wanted to hear something about the incidence of the sales tax as compared to that of the excess-profits tax.

"Senator LA FOLLETTE. Will you take up first, Professor Seligman, the sales tax and go to the other matters in order?

"The CHAIRMAN. You may proceed in your own way, Professor, to state your views on the sales tax, and after that on any other phases of the revenue revision that you desire to discuss.

"Professor SELIGMAN. Thank you, sir. So far as the history of the sales tax is concerned, there is a great misconception about that in this country. There have been many examples of taxes on the sale of particular commodities; but, with few exceptions, there have been only sporadic efforts made in any country or at any time to levy a tax on all sales in general; and whenever a general tax on sales has been attempted it has met with resistance and consequently with little success. * * *

"I said that the objections to the sales tax, in my opinion, were in part administrative and in part fiscal. I now want to add that the tax also sins against the cardinal principle of equality of taxation.

"I do not object to all taxes on consumption, for I believe that every well-balanced system of taxation should include indirect as well as direct taxes. But there is consumption and consumption. There are articles of luxurious consumption; there are articles of convenient consumption; there are articles of necessary consumption. Most of the sales taxes, with a few exceptions, that we have in this country to-day, and which are found in other Anglo-Saxon countries as well, are taxes on the sale—and sometimes the production—of articles of luxurious consumption or of the widespread consumption of what can not be called really necessities. Take, as examples, tobacco and whisky before the present dispensation, because they partake partly of wide use, and yet partly of a system of consumption which perhaps it is desirable to diminish. But when you come to a general sales tax you are dealing with a tax on necessities, inasmuch as the great mass of sales are sales of necessities. Naturally so, since the great majority of the people are in modest circumstances; the great mass of commodities sold consists of articles used by the people in modest circumstances. Therefore, as the French writers in the Middle Ages pointed out, general sales tax is a sort of upside-down income tax. Instead of taxing the man with a higher income a little more, or much more, as we do, you tax the man with the smaller income not only relatively as much but relatively more. It is this instinctive reaction of the common man to the proposal of a sales tax which is responsible for the opposition to it manifested from the time of the Romans under Tiberius all the way through the Middle Ages, when the riots took place, down to modern times, as in this very country, where the laboring classes are now up in arms against it. * * *

"Senator SIMMONS. Professor Seligman, nearly all the witnesses in advocacy of the repeal of the excess-profits tax who have been examined here have declared that that part of the income which would have to be paid as taxes was carried to overhead and passed on to the consumer, and in that way became indirect and a consumption tax.

"Professor SELIGMAN. I do not agree with that, Senator.

"Senator SIMMONS. You have not classified it as a consumption tax?

"Professor SELIGMAN. No, sir.

"But while a tax on particular profits can be shifted to the consumer, a general tax on all profits can not be shifted under normal conditions. Profits are a result of price and not a condition of price. What I mean is that at any given time in an ordinary industry there are all sorts of costs. Some producers make immense profits, some less-fortunate individuals make less profits, and some do not make any at all. * * *

"I should say that I do not think we ought to go any further than stamps, tobacco, and gasoline, because as soon as you do go further you are in danger of trenching upon necessities.

"There is a question in my mind, sir, as to sugar. In England they tax sugar, even with their desire not to burden the poor man. So far as sugar may be considered a convenience rather than a necessity, it partakes of the characteristics of these concentrated commodities; a very small tax on sugar would bring in a revenue of a hundred and fifty or two hundred millions. I am a little doubtful about it, however, because in this country the average man has become so accustomed to use sugar that it may almost be considered a necessity.

ON INHERITANCE TAXES

"In England they get far more revenue from their 'death duties' with half as much wealth as we possess. If we were to

have the rates that are applied in England, not to speak of those that are found in Italy or France or Germany, we could easily get another \$100,000,000 or \$200,000,000. We could then divide and apportion the yield, say, fifty or more millions among the States, and could thus avoid this intolerable double taxation.

"Senator WATSON. You mean by that that the States are to refrain from taxing inheritances altogether, the whole tax to be a Federal tax and a portion of it distributed among the States?

"Professor SELIGMAN. Yes, sir. We can take a leaf out of the book of German experience. I think we can learn something there—although of late it has been a popular belief that nothing good can come from Germany. The fiscal strain has been so great there that they have devised all sorts of new methods. One of the interesting things they have done very recently has been to nationalize the inheritance tax and to provide that a part should go to the separate States in accordance with definite provisions to avoid double taxation. * * *

"Senator LA FOLLETTE. How would you apportion it among the States?

"Professor SELIGMAN. That brings up a very interesting problem, Senator. I should apportion it as nearly as possible in accordance with what I should call relative economic interests—that is to say, if a man dies and a portion of his estate tax is distributed by the Federal Government, the tax ought to go in part to the State where the real property is situated. Furthermore, if the estate consists of railway bonds or stocks, I should say that a part of it ought to go to the State where the railway is situated on which those bonds and stocks are issued—"

Doctor Seligman submitted with his testimony a brief, from which is briefly quoted:

FRENCH SALES TAX HAS A DISASTROUS BUSINESS EFFECT—DISAPPOINTING IN ITS RESULTS AND REPEAL CONSIDERED ALMOST CERTAIN—PASSED ON TO CONSUMER—BUYERS STRUCK AND RECEIPTS FELL TO THIRD OF GOVERNMENT ESTIMATES

(Special cable to the New York Herald. Copyright, 1921, by the New York Herald)

NEW YORK HERALD BUREAU,
Paris, May 28.

"France being one of the two countries which has experimented with a sales tax such as has been under discussion in the United States, the American people might be interested to know the result of the French experience in this connection. The tax has worked badly here, according to both the Government and the man who pays the tax, but how much this is due to the inefficiency of the French tax machinery, which is notorious, is a question.

"The French sales tax has shown itself as exerting a disastrous and paralyzing effect on business generally, and it is only a question of time until it will have to be superseded by a more rational method of raising money, such as an increased levy on salaries and other income."

This statement was made to a correspondent of the New York Herald to-day by Guillaume de Tarde, State counsellor and adviser to Lucian Dior, Minister of Commerce. M. de Tarde is considered one of the best tax experts in France. * * *

"We have therefore only two alternatives—to raise the needed half billion by a tax on wealth or by a tax on consumption. A tax on wealth would mean some modification of the corporation tax; a tax on consumption implies the sales tax. The important point to be remembered here is that we are not comparing the sales tax with the tax on excess profits. The problem is to find a substitute for the excess-profits tax; the comparison must be between the suggested substitutes, not between the original and a particular substitute. For everyone will concede that either substitute is preferable to the original. It is accordingly not a question as between the sales tax and the excess-profits tax, but between the sales tax and the additional tax on corporate profits.

THE SALES TAX

"When this comparison is made it is clear that both the administrative and the equitable considerations tell against the sales tax. Without repeating here the arguments that have been frequently advanced as to what is precisely meant by a sales tax (for the term covers a multitude of sins), there can be little question but that on purely administrative grounds the extension of the present corporate income tax from 10 to about 15 per cent is a far simpler proposition than to create the entirely new administrative machinery which would be needed to deal with all the complexities of the proposed sales tax. But on the second count, that of equality, the conclusion must be similar. Without entering upon the disputed question of what actually occurred in the excess-profits tax, it is scarcely open to doubt that a flat tax on corporate profits is not susceptible of being shifted in the same sense that a tax on sales can be shifted. The incidence of the profits tax is on wealth, that of the sales tax is on consumption.

THE PRESENT BALANCE

"Under our present system, as we have seen, well-nigh three-quarters of the Federal tax revenue comes from wealth and a little more than one-quarter from consumption. Under the new proposed dispensation of the sales tax the only taxes on wealth will be the income tax, yielding about one thousand nine hundred millions, and the estate tax of about one hundred thirty millions, or a total of about two billions. That is to say, even if the

expenditures can be held down to the contemplated figures, about one-half of the entire Federal tax burden will fall upon consumption; and in the not improbable event that the expenditures will go above the estimated figures, the burden on consumption will be still greater.

THE TAX ON CONSUMPTION

"It is unnecessary here to repeat the arguments why in democratic countries like Great Britain and the United States it has always been the endeavor to burden wealth rather than consumption except when, as in the case of our tariff, the tax on consumption is supposed to react favorably on the national dividend by increasing production, for not only is it undesirable in times of peace to check consumption, which is the very cornerstone of all economic progress, but it is also true that in a community where the mass of the people must consume all their income, whereas the wealthier classes consume a continually diminishing proportion of theirs, a tax on consumption is an inverted or upside-down graduated tax on wealth. The sales tax is for this reason an anti-democratic measure. It has always been an outstanding feature of the less democratic Latin American civilizations as over against the Anglo-Saxon commonwealths. It is characteristic to-day of France, of Mexico, and of some of the South American Republics, as it was characteristic in the Middle Ages of entirely undemocratic countries."

POLITICAL COWARDICE AND PUBLIC CONSCIENCE

Prosperous financiers, heavy editorial writers, and big business generally charge Congress with political cowardice because of its refusal to pass a consumption tax. These interests assume lack of courage exists with Congress because, under present tax laws and other legislation, we have permitted the number of millionaires to become doubled in five years and fabulous fortunes to spring up like mushrooms under the law and lax enforcement of restrictions against profiteering and monopolies. Failure or cowardice in refusing to curb such private power and profits, however interpreted, may seem to warrant like conclusions as to a consumption tax. The rapidity with which Congress repealed taxes upon wealth may also afford basis for a belief that Congress is not always moved by motives of universal public good.

The advocates of a consumption tax substitute abuse for reason and transparently false reasoning for logic. For illustration, without confessing they are openly seeking to shift their tax burdens they declare magnificently that every man, woman, and child must contribute toward the Government's support by paying taxes in order to properly love their Government and appreciate its manifold blessings. Assuming that city, school, county, State, and national taxes are not paid in some degree by practically every man and woman in the country, we are assured by those who advocate a consumption tax and have patriotism and love of country instilled into their beings in proportion to the surtaxes they pay that they do not seek to shift their surplus patriotism by shifting their present tax burdens onto the under fellow now asking only for a living wage in order to exist. His rights to an education for his children and to legal protection in constitutional rights guaranteed him and his family are not denied but in some unaccountable way he is expected to enjoy his country more if he pays a sales tax.

In what manner this man's respect for his country, its laws, or its institutions is to be promoted by a consumption tax placed on every member of his family in violation of long-established principles of taxation, no man assumes to explain. Again, these shrewd financiers, brilliant high-salaried writers, and other congressional critics in advocating a consumption tax excuse its imposition by claiming an average excess profit of 23 per cent has been collected by the profiteers in the past as a protection from the excess-profits tax, whereas not even omnipotence could ascertain any average in the carnival of profiteering that exists in some lines of business, even of this new year.

Again, these critics who assail Congress from their elevated perch justify a consumption tax because "the consumer always pays the tax anyway," but he ought to be taxed more "in order that he may feel he is supporting his country and may love it proportionately" through "the consumption tax which he does not know he is paying."

AN HONEST HEAD TAX

Leaving for the moment a method of reasoning that supplies in propaganda and violence what it lacks in logic, let us in like manner test the courage and honesty of consumption-tax advocates by their own measure.

A consumption tax is levied on the necessities of life consumed by every man, woman, and child without ability to pay. All pay alike for the same articles consumed, from the wealthiest to the blind beggar; all meet on a common level, depending on the number of mouths to feed and bodies to clothe. A consumption tax is paid through increased prices, ordinarily far beyond the actual tax, due to pyramiding of profits depending in amount upon the shrinking conscience of the different salesmen. These additional profits are placed by Canadian witnesses quoted at sometimes ten times the actual tax paid.

Conceding that a consumption tax places a burden on the consumer because of increased profits in addition to the tax charged all along the line by the manufacturer, wholesaler, jobber, and, above all, the retailer, why not eliminate all these middlemen's added profits borne by the consumer under a consumption tax? Let us be frank and honest with ourselves and remove any charge

of cowardice which may be lodged against Congress by those whom we represent.

A consumption tax like that of Canada is estimated to raise \$500,000,000 annually here, although such estimates are rarely realized. On that tax the consumers will probably pay from \$1,000,000,000 to \$2,000,000,000 increased profits represented by higher prices tacked onto existing prices which will be paid by the consumer because "he does not know it."

Let us squarely tax him only a half billion dollars and collect it openly, thus saving to him all the additional billion dollars or more in added wasted profits that otherwise would go to the manufacturer, middlemen, and retailers. In Canada the average consumption tax paid by a man with a wife and three children, based on tax collections, is found to be \$31.10 annually under prior tax laws, which I believe have since been increased in rate. On the same basis a man and wife with six children pays \$49.78 annually, and a constituent of mine with 17 living children at the same rate would pay \$118.18 annually to the Government through the Canadian consumption tax rate on the average.

A CONSUMPTION TAX IS SECRETIVE AND DECEIVES THE TAXPAYER

If through additional profits and pyramiding double the amount is charged and paid by the consumer, the added cost of living to the man with three children is \$62.20 annually and to the man with a wife and six children \$99.52 annually. Advices from Canada that the increased price is sometimes ten times the tax is also borne out by the testimony of Senator Hardwick before our committee that ten times the soft-drink tax had been added and collected in this country, but I am adding only a modest increase of twice the amount of tax which can be estimated at the higher rates, with a certainty that the tax will be paid always with increased profits by the consumer "who does not know he is paying it."

It appears that any consumption tax tends to increase prices far beyond the actual tax before it reaches the consumer, so let us meet the issue squarely and have the exact tax paid by the consumer without concealment or subterfuge. Congress could compel him to pay a poll tax of \$5 for himself and for every member of his family, which tax will be ascertained, and can be paid with more certainty of collection than any consumption tax, and that would realize about the same amount of tax.

Under this arrangement, Mr. Otto Kahn, Jule Bache, Rothschild, and Goldsmith, tax advocates whom I discussed in a prior speech—January 21, 1921—would each pay \$5 in lieu of their present income taxes, and the same rate of taxes would be paid by Mr. Rockefeller, Mr. Morgan, and others of large wealth. True, the average farmer with a wife and three children, now working 14 hours a day and receiving \$465 annual income for his labor, according to the Anderson Commission, would feel the injustice of such tax, reaching \$25 annually, or \$5 per head for every member of his family, but that would be far preferable than to pay \$50 or possibly \$100 in higher prices through a consumption tax in order to raise the \$25 paid to the Government by the manufacturer, jobber, and wholesaler.

It is doubtful if many Members would be returned as Representatives after the enactment of such tax, and the tax would probably be repealed at the first session following the first election thereafter, because the consumers of the country "would know they were then paying the tax." As one who believes in the principle of taxing according to ability to pay, I am opposed to either the head tax or consumption tax, but we should honestly face the issue that is clothed in false colors through a consumption tax, and be free from any charge of cowardice or in palming off on the people a gold-brick tax.

The protest against a consumption tax caused Congress to repeal the nuisance and luxury taxes, which were limited sales taxes collected from those best able to pay, not on necessities of life. Knowledge of the tax levied and collected was assigned to be a cause for repeal. If that action by Congress was just to the 98 per cent, what will be our excuse for levying a secret tax that is pyramided on the cost of the necessities of life?

THE CANADIAN SALES TAX

I have heretofore quoted Major Hobart, of Montreal, a sales-tax official who takes pride in the Canadian sales tax irrespective of the injustice of its imposition, because it raises revenue, and as he frankly puts it—

"Of course, the consumer pays the tax eventually, but he does not know it."

Of course, the consumer does know that he pays high prices for goods bought, and I am informed that whereas prior to the war Canadian prices were uniformly below those in this country, frequently far below, that now under the consumption tax which is added, pyramided and profits without limit charged, that prices are higher than in this country. I do not state this comparison as a fact, although my authority is a Member of the House who made a recent trip of several days to Canada in order to get the opinion of officials who generally seemed satisfied with the law and its workings.

If I remember correctly, this was before the recent election in Canada when a considerable revolution in politics in the neighboring country was attributed to high prices. Be that as it may, I have reason to believe all are not satisfied with the Canadian sales tax, although they pay the tax and "do not know it."

The proponents of a sales tax point to this sales tax which conceals from the consumer the additional profits, and they say that no opposition is offered to such tax in Canada. Tax officials

who are anxious to collect all they can raise find the tax satisfactory because people have to consume in order to live, and so they are sure to pay taxes because they can not avoid consuming. But the consumer, even though secretly taxed to an unknown degree by added prices, is the one who bears the burden.

From a number of letters, I submit the following that indicates what the consumer thinks of the Canadian tax:

ST. JOHN TRADE AND LABOR COUNCIL,
St. John, New Brunswick, December 12, 1921.

* * * Yours of the 3d received inquiring about the sales tax in force in Canada. * * * Briefly, the way the tax works is that each time an article is turned over or sold this tax is collected, and in these days of manufacturers, jobbers, wholesalers, retailers, and other middlemen it is easily seen where the tax lands us by the time the article reaches the consumer, for each time the article is sold the tax is collected and, of course, added to the next selling price, and a small tax of 1 or 1½ per cent easily amounts up to possibly 10 per cent or more in some cases. Fraternally, yours,

GEORGE R. MELVIN, Secretary.

A SEVERE TAX ON THE WAGE EARNER

HAMILTON DISTRICT TRADES AND LABOR COUNCIL,
Hamilton, Ontario, December 26, 1921.

* * * Re sales tax in Canada and its effects upon the wage earners, can only say that this tax falls with peculiar severity upon the wage earner. It is very much like a tariff, minus the protective benefits. It is passed on to the consumer in every instance; and, as the working classes on a whole are the greatest consumers, they of necessity pay the greater share of the tax.

This, however, is in strict accord with true capitalistic economics and administration. They are sternly opposed to all forms of direct taxation, which would mean that those who own approximately 85 per cent of the wealth of the country would pay their just share of the taxes. This, of course, would never do. Hence the sales tax. Trusting that this information is answering your query,

I am, yours fraternally,

[SEAL.]

H. G. FOSTER, General Secretary.

Again I quote from another letter:

TORONTO DISTRICT LABOR COUNCIL,
Toronto, December 13, 1921.

This tax was imposed to supersede the surplus profits tax which was in operation during the later stages of the war.

While organized wage earners have not given any official expression regarding the sales tax, the general discussions on the political situation during the last few weeks leave no doubt as to their opinion. This system of taxation was soundly condemned by every speaker in any way connected with the labor movement, officially or otherwise.

My information leads me to believe that the tax is imposed on the manufacturers' output, the increased cost being passed on to the dealers and eventually the consumers pay the tax in increased prices. Unlike the income tax and business tax, which recognize more or less the principle of "ability to pay," the sales tax applies to consumers in the purchase of commodities, and if the consumer can not pay the increased price by reason of the tax, he goes without the goods. This sales tax largely applies to the necessities of life, hence you will readily understand why organized workers oppose such methods of taxation when surplus profits are untouched. I am further of the opinion that the great majority of our people are unaware of what this sales tax really means, they pay the increased price without knowledge of the amount, no mention being made concerning the tax, to put the whole matter shortly—legally flimflammed.

Yours truly,

TORONTO DISTRICT LABOR COUNCIL,
JAMES WATT, Secretary.

"Legal flimflamming" is a name with which to entitle the proposed sales tax here. If its passage results in a political turnover like that experienced by Canada a few weeks ago, it will evidence a well-grounded, universal prejudice against flimflam games.

LEGAL FLIMFLAMMING

One other brief statement I quote from a communication dated Ottawa, December 2, that is more of a résumé of the tax than is covered by other correspondence. It says:

"OTTAWA, ONTARIO, December 2.

"Ottawa this week received, entertained, and introduced to the intricacies of its sales tax act a party comprising 47 Members of Congress, representing 30 different States, railway men, newspaper men, and others. They came as the guests of Mr. William Randolph Hearst, with Hon. Lester D. Volk, of New York, as head. * * * But while the members of the party studied the sales tax act from a variety of angles, your correspondent ventures the assertion that they did not receive nor consider facts with reference to its application to the consumer.

"I do not believe that in their examination of Government statistics they found that a man with a wife and one child in Canada pays \$18.66 every year as a result of this form of taxation; that a man with a wife and two children pays \$24.88; that families of varying sizes pay on the following basis:

Man, wife, and three children	\$31.10
Man, wife, and four children	37.32
Man, wife, and five children	43.54

Man, wife, and six children	\$49.76
Man, wife, and seven children	55.93
Man, wife, and eight children	62.20

"In other words, the sales tax in Canada adds to the living expenses of a family of ten \$5 a month. Families of this size may be 'unfashionable,' but those who are not particularly stylish feel it to the extent as it applies, as illustrated above. Bachelors are lucky!

"These figures are based upon official statements. Sales-tax collections for the 12 months ended October last amounted to \$52,870,000, while our population is approximately 8,500,000. This means a per capita tax of \$6.22 for every man, woman, and child in Canada yearly.

"The following table strikingly illustrates what income and sales tax combined mean to a Canadian, as compared with a citizen of the United States:

Canada	
Income—man, wife, and two children	\$2,500.00
Income tax	4.00
Sales tax	24.88
Total	28.88
United States	
Income—man, wife, and two children	2,500.00
Income tax	8.00
Total	8.00

"The sales tax in Canada is, above all else, a tax on consumers. The more you buy the more you pay. It is paid, in the majority of cases, not by one able to pay but in proportion as one must buy things. With a person of means it is entirely optional whether he buy expensive furniture, limousine, etc., but in buying articles of ordinary consumption the average person has no choice. We must buy to live, to exist; and as we buy we pay. "The sales tax increases the cost of living. There can be no doubt about it. In Canada it is not a tax on luxuries, it is a tax on everything; and we must have necessities before we have luxuries.

CANADIAN TAX AND THE FARMER

In this country it can be safely said that organized labor and organized agricultural societies are overwhelmingly opposed to a sales tax, as I have shown by reputable witnesses. In Canada the organizations are not so closely formed, but from the foregoing it may well be deduced that labor in Canada is against a sales tax. It could not be otherwise. Agricultural interests in Canada are not for a sales tax.

The Winnipeg Grain Growers' Guide put it that a sales tax "is immensely pleasing to those who had to pay the excess-profits and income tax and who care little where the burden of taxation falls as long as it doesn't fall on them."

It says:

"The people want justice in taxation before convenience, and there is precious little justice in this proposed tax on sales."

Admitting that the sales tax is finding great favor with financial interests across the border, it adds:

"To those who are not unacquainted with the ways of financial interests, the mere fact that the proposition emanates from their councils is enough to provoke suspicion, and when it is affirmed that the tax is 'passed along in small fractions and is finally paid by the consumer, practically without his knowledge, and the additions are so trifling as not materially to affect prices,' that such a tax would raise more revenue than the country actually needs, and that its adoption would lead to repeal of the excess-profits tax and the income tax, one begins to detect the 'nigger in the woodpile.' It takes a wizard of finance to maintain that some \$500,000,000 a year can be painlessly extracted from the people of Canada."

The railways tried to work such a proposition, the Grain Growers' Guide continues, in connection with the increase in freight rates, but "nobody believed them," nor will anybody "accept this idea of a painless system of taxation," and we read:

"The tax, it is said, will be passed on to the consumer. A farmer takes a load of wheat to an elevator and sells it. He must pay a tax of 1 per cent on the sale. Every time the wheat changes hands it pays a tax of 1 per cent, so that when it reaches the ultimate consumer the tax is really about 6 per cent. The bulk of the wheat raised in this country is exported; that is, the ultimate consumer resides in a foreign country. Do the advocates of this tax really and seriously contend that we can make the foreigner pay the tax? They know quite well that such a tax could not be passed on and that when the farmer paid the first 1 per cent he paid it by deducting it from the price he received for the wheat. He could not pass on the tax; it would be paid by him and by no one else."

THE CANADIAN TAX SHIFTS WAR TAXES FROM WELL-TO-DO TO THE MASS OF THE PEOPLE

In a news article dated June 27, 1921, a writer has the following to say under the caption "Canadian farmers fight the sales tax":

"The agrarian group in the Canadian Parliament, which represents both the organized farmers and labor, and which has a very large following throughout the country, is opposed to the sales tax as it is now being levied in Canada. Owing to the fact that the

very heavy war expenditure had rendered it necessary to impose heavy taxation, there was a strong disposition on the part of all classes to give this method of taxation a fair trial, for it was felt that all should bear a fair share of the burden. But in its latest application the tax, instead of spreading taxation over all classes in proportion to their ability to pay, is now being made the means whereby the war taxes are being shifted from the backs of the well-to-do to the backs of the mass of the people.

"Being, for the most part, strong supporters of the principle of direct, as opposed to indirect, taxation, there was also a disposition on the part of the leaders of the farmer group to give the sales tax a fair trial on the ground that the collections would go directly to the Government; but last year's tax of 1 per cent has this year been increased, so that in the aggregate it undoubtedly amounts to more like a straight tax of 2 per cent. For in addition to a 50 per cent increase on general sales, there has been introduced a tax of 1 per cent additional on imports, so that the sales tax has really been used as a level to raise the tariff.

"To some of the best informed of the agricultural leaders the sales tax never did look good, for it was manifestly a consumption tax, and this tax always weighs most heavily upon the great mass of the people. They contended that it would place an additional obstacle in the way of trade at a time when every effort should be made to remove such obstacles. Besides, it looked too much like an attempt to place taxation on the wrong spot. The very quarter from which the sales tax proposals came made them suspicious.

PUTS BURDEN ON LEAST ABLE TO PAY

"These views have been more than confirmed by the experience of the past year. To-day the Canadian sales tax stands clearly revealed as an attempt to lift the burden from the backs of the wealthy and to place it on those who are not nearly as able to pay. Besides, not satisfied with a 1 per cent measure, which advocates of the tax generally have insisted would be more than sufficient to raise the large revenues required, an almost double dose has now been administered.

"Canada's experience with this tax has shown beyond all shadow of a doubt that even as a revenue producer it is a much overrated measure. During the 11 months up to April 30 that it has been in operation it produced \$40,000,000 in revenue, but during the last six months of this time the collections fell from a little over \$5,000,000 a month to less than \$2,900,000. Indeed, at the time that the changes were made in the tax it was only bringing in about \$2,500,000 a month. One can just imagine how far that would go toward meeting an expenditure of nearly \$600,000,000 a year in Canada.

"The failure of this tax as a revenue producer is a feature that concerns the financier, the business man, the farmer, and laborer. It is absolutely necessary that any measure of taxation adopted should bring in the money. If it does not do this, then, even if it has other features that would recommend it, it should be ruled out."

Calling attention to what are claimed to be erroneous statements of Jules Bache, of New York, a sales-tax exponent, this writer, W. G. Cates, says:

"It would be well for the American public to understand that nothing like this has happened in Canada. When the sales tax was introduced last year not only was the income tax not reduced but the exemptions on it were not extended. On the contrary, the tax on incomes of \$5,000 was somewhat increased. This year, when the tax was very considerably increased, there was not the slightest change made in the income tax. If the claims made respecting this tax were valid, then what has been promised by its advocates in the United States should have taken place in Canada. It has worked out that the average Canadian not only pays all the income taxes he ever did but a new tax, that on sales."

On the subject of higher prices and other objectionable features of the Canadian tax this writer says:

"Is it being found out in Canada that the sales tax is open to grave objection on the ground that it increases the cost of living in that it retards the downward movement of the prices of manufactured articles, which have not fallen as much as have those of other products. It is true that in Canada the products that the farmer sells himself are not taxed, but the articles he has to buy are, and in some cases this is becoming a very serious matter. The consumer may well beware of the carefully worked out examples showing that the sales tax will never increase the cost of an article by more than 3½ per cent. This may be true in so far as the wholesale trade is concerned, but it is far from being true of the retail trade. What ordinary storekeeper figures out to the tenth part of a cent a 1 or a 2 per cent tax on an article, or what his profit on it should be? It invariably follows that the consumer not only pays the tax, but a little more.

"As a general observation, let the consumer beware of the sales tax. It will not do him any good, nor is it intended by those who advocate it that it should. If the consumer did not pay, there would be little heard of it in quarters where it is most strongly advocated. This is well known in Canada.

"The one thing to be most feared about the sales tax is that it will not stop at 1 per cent. Canada has demonstrated this beyond a shadow of doubt. Last year it was a tax of 1 per cent on the sales of manufacturers and producers to the wholesalers and jobbers, or 2 per cent if the sale was made direct to the retailer. This year the tax in the first case has been increased to 1½ per cent, and to 3 per cent in the other. But this is not all. On top of this is another tax of 1 per cent on imports, so that in the case of sales of domestic goods the consumer pays at least 3 per cent, which is increased by 1½ per cent every time the article changes

hands, while the consumer pays at least 4 per cent on imported goods. In the matter of automobile tires, the materials for which are imported, it is quite probable that the purchaser will pay at least 8 per cent more.

"The imposition of a 1 per cent tax on imports will also increase the price of most home-produced articles to this extent. That is to say, those who produce or sell them will take advantage of the increase in the tariff to raise their own prices. This means another charge on the consumer.

"Last year in Canada there was quite a long list of articles on which the sales tax was not collected. There is still an exemption list, but it is not nearly as long as it was. Last year tea and coffee were not taxed; this year they are, and being imported the tax is at least 4 per cent to the consumer. Canned goods were not taxed last year; this year they are, and so one might go on down the list. All this makes the cost of living higher. Take lumber. It was originally proposed to collect the same tax on it that other products bear, but when it was pointed out that a 3 per cent tax on domestic lumber would mean quite an extra increase in the cost of building and that a 4 per cent tax would mean a great deal more, it was decided to fix the tax at 2 and 3 per cent, respectively."

SALES TAX RECEIPTS DECREASED TO 43 PER CENT OF ESTIMATES

From another source an unbiased opinion is offered as to the returns from the Canadian sales tax:

[Special correspondence of the *Annalist*]

"OTTAWA, June 4, 1921.

"A study of Canadian war-taxation methods is of interest to Americans chiefly because of Canada's one year of experience with the sales tax. Like the United States, Canada has had her business-profits tax, per heavy personal and corporation income taxes with their surtaxes, also heavy excise taxes on liquors and tobacco, as well as a tax on certain features of transportation. She has a tax on checks and bills of exchange and promissory notes which is still retained and seems likely to be for some time. As the receipts from the latter are lumped with the postal revenue, it is impossible to say what they total in a year, but the amount is evidently worth while, and has the additional advantage in that it involves no hardship. As in the United Kingdom, the business-profits tax has been abolished, though collections will continue during the current fiscal year. The last of the luxury taxes have also been withdrawn.

"Until the last fiscal year the income tax was somewhat of a disappointment, the total receipts during the three years to the end of March, 1921, not having been more than \$75,000,000, of which \$46,000,000 is credited to 1920-21. The business-profits tax up to March 31 brought in \$150,000,000. Canada's experience with the luxury taxes is not considered very fortunate, their collection having been attended with strenuous and very general protests. As a revenue producer, however, they were more fruitful than any other of the new taxes, for during the six months they were in operation the collections totaled \$42,000,000, which, at the rate of \$7,000,000 a month, made them second only to customs as a source of revenue.

"The sales tax, which was introduced during the early part of June, 1920, produced \$40,898,383 up to April 30, or at the rate of \$3,718,034 a month, the April collections having been \$2,875,219. At the old rate the May collections would probably be approximately \$2,500,000.

"The question naturally arose, Has the sales tax been a success? The answer will depend much on one's point of view. Obviously it produced \$40,000,000 within 11 months, and probably by as easy a method as the Government could have devised, so in this respect it may be considered a success. But as a major source of revenue it has not been a success, the best evidence of this being that the Government this year found it necessary to reduce considerably the number of exemptions, to increase by 50 per cent the rate on domestic sales, while in addition to this has been added another 1 per cent on imports.

"The tax, when introduced, having been entirely new to Canada, it was difficult to estimate the revenue it would bring in during the year, but it was hoped that \$60,000,000 might be secured. Naturally it took time to erect and get into smooth running order the collecting machinery, but by August this had been done. The early returns seemed to justify estimates of revenue, for in September the collections were \$4,918,576 and in October they went up to \$5,020,476. From this high point there was a decline in April of 43 per cent.

EFFECT OF SALES TAX

"The decrease in collections was due chiefly to the decline in prices and to the marked falling off in the purchasing power of the public. In April, as compared with October, there was a decrease of 55 per cent in domestic collections and of 39 per cent in collections on imports. The indications at the beginning of May were that the bottom had not been reached, for in April the collections were \$314,000 less than in March, this having been the greatest drop since the beginning of the year. That the collections from imports under the old rate were also far from being at the minimum is further evident from the marked decline in the value of imports during May, which is still going on. These considerations very largely influenced the Government in coming to the decision both to increase the rate and to broaden the basis of the tax.

"What effect the sales tax had in reducing sales it is difficult to say. Some months ago one heard much of a buyers' strike, but one is warranted in saying that this was due rather to the prevailing high prices, resulting from general causes, than to the

effect of the tax in keeping them up. As the fairly heavy luxury taxes imposed last spring were in force until December, it may be taken for granted that these had much more to do with the maintaining of prices than had the sales tax. Only since the 1st of December last has the sales tax been an appreciable factor in determining prices, if at all.

"In Canada there has been very little attempt to determine the exact effect of the sales tax in increasing the cost of commodities to the consumer. There is nothing more than estimates to base calculations on, which may not be nearly as exact as one could desire. In this respect those who seek to draw conclusions from the Canadian sales tax as a determinant of prices are badly handicapped.

A DANGEROUS POLITICAL ISSUE

"While ease in collecting is important, it is not the chief consideration in a tax. Except it be considered as a secondary or subsidiary source of revenue, it must produce the money. When collections fall away so rapidly as those from the sales tax have done during the last six months, the results must be considered disappointing. Canada's experience to date would not justify expectations that the sales tax warrants the abandonment of other fruitful and definitely ascertained sources of revenue. What it will produce can not be definitely known until business conditions become normal. Against ease in collecting is to be taken into account the fact that the extent to which the tax is now being collected in Canada is bound to make it an important political issue, and that of an especially dangerous kind just now, when appeals to class consciousness are so effective.

"On the whole Canada's taxation experience generally for the last five years would seem to teach that if national budgets are to be balanced, then assured sources of revenue should be retained rather than abandoned for those that merely look promising. It may be true that public opinion would not have stood for the retention of the luxury taxes, but considered solely from the revenue standpoint, had they been retained it is more than probable that they would have raised 50 to 75 per cent more than the sales tax has. Naturally, a finance minister prefers the easiest way, but the way becomes harder in proportion as the rate is raised. For Americans possibly the chief lesson of the Canadian sales-tax experiment is that the revenue expected can not be secured from a 1 per cent rate collected solely on commodities with anything like a reasonable exemption list."

Speaking of a turnover sales tax, under consideration in Canada, the Calgary Farm and Ranch Review says:

"While fully recognizing the deplorable psychological effect upon industrial production and management caused by the imposition of a drastic measure of direct taxation on such earnings, which must be painfully apparent to every close observer, and while not disposed to discount the estimates quoted above to any serious extent, we can not escape the dismal conclusion that the new proposals, if forthwith translated into legislation, would split on the rock of practical politics, inasmuch as they will certainly fail to appeal to a majority of the voters in Canada at the forthcoming general elections."

The Montreal Witness and Canadian Homesteader says on the same subject:

"The tax is unfair in this, that it falls unduly on the poor."

Many business journals and public officials, I am informed, favor the tax, but in view of its failure as a revenue producer, its unjust burden "on the poor," and its political liability, as demonstrated, any party or legislative body adopting such tax, which is repudiated by practically all the authorities quoted, will have due notice of its effect.

CANADA "KNOWS IT PAYS THE TAX"—THE TAX SHIFTERS SHIFTED

No one thing alone turned the tide of elections in Canada, where the Conservatives were swept into the scrap heap a few days ago. No one thing decides any election ordinarily. A culmination of things for which the Conservatives stood caused their overwhelming defeat. A high protective tariff, repeal of an excess-profits tax, just in principal, and enactment of an unjust sales tax were among recent Conservative "accomplishments."

Letters of denunciation and Canadian press items quoted from widely different points in Canada afford their own explanation of causes. Protestants across the border or in this country against a sales tax presumably are as intelligent and of far broader vision and wisdom than any legislative Moses now guided by the Otto Kahns, Baches, Rothschilds, and Goldsmiths, who in the first exodus may find a parallel for the extended pilgrimage into an economic and political wilderness that lies before us.

The Canadian election of December 6, 1921, resulted in Liberals, 117; Progressives, 65; Conservatives, 51. Prior to the election the Parliament stood—Conservatives, 120; Liberals, 84; Progressives, 14. A reversal of power from 120 to 98 held by Conservatives to 177 to 65 under the new Liberal-Progressive government should not be lost on the American Congress which has repealed the excess-profits tax and now faces a high protection act and obnoxious sales tax that must all, if passed, be indorsed or repudiated at the 1922 elections.

CANADIAN "MANUFACTURERS' TAX" THE SAME OLD VAMPIRE TAX

Opinions, briefly quoted, regarding the Canadian sales tax are offered because of recent propaganda for that particular tax, which, like all other consumption taxes, is sought by tax officials whenever the tax can be laid on the consumer and collected from him while "he does not know it."

Every consumption tax is open to the objection that it places the burden on the consumer, least able to pay, and is generally secretive for that reason.

I can not make this any plainer than by quoting a short letter recently received from representatives of the American Farm Bureau Federation. In these letters they assume to speak for an agricultural organization numbering between 1,000,000 and 2,000,000 active members. They denounce all consumption taxes that in like manner are denounced by Canadian labor and agricultural interests, speaking from the standpoint of the consumer.

I quote:

AMERICAN FARM BUREAU FEDERATION,
Chicago, Ill., December 27, 1921.

HON. JAMES A. FREAR,

House Office Building, Washington, D. C.

Replying to your letter of December 23. The American Farm Bureau Federation is unalterably opposed to any general sales or turnover tax, a manufacturer's tax, or any means of shifting the bulk of the taxes from income to consumption taxes.

The more the matter is agitated and the better the people come to understand what is involved the more determined they become in their opposition, and this policy, if persisted in, will surely bring calamity to its advocates.

It takes from the farmer, the laborer, and all those below the income-tax level a part of their living, and the bulk of the tax would necessarily come out of the necessities of life—food, fuel, shelter, and clothing.

It is an effort to shift to the 90,000,000 people below the income-tax level the burden of the war taxes; it would absorb a considerable part of what buying power they now have, and thus sink us still deeper in the slough from which we are trying to extricate ourselves.

It would stir up such a social ferment as we have never had in this country, and is both socially unjust and economically unsound.

It is opposed by all the agricultural interests of the country as well as by organized labor. Political madness lies that way.

Yours truly,

H. C. MCKENZIE,
Tax Representative.

The following letter from President Howard is equally positive in statement.

AMERICAN FARM BUREAU FEDERATION,
Chicago, Ill., December 28, 1921.

HON. JAMES A. FREAR,

Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR MR. FREAR: * * * We believe that taxes should be levied according to the measure or ability of the individual to meet them, and are particularly opposed to the so-called sales tax or turnover tax. Its enactment would place an undue burden upon the farmers of the country, due to the fact that their income both on labor and invested capital is, and always has been, below that of any other class of our people, while at the same time we are of necessity very large consumers not only of food and clothing but of steel and iron products, building materials, etc. The sales tax would add to the costs of all these things, which burden would be strenuously opposed by all farmers. Not only that, such a tax would react on industry by further curtailing the farmers' purchases, and industry is already suffering from that very cause. * * *

Very truly yours,

AMERICAN FARM BUREAU FEDERATION,
J. R. HOWARD, President.

WHY A SECRET TAX

Mr. Chairman, the sales tax is not first added by the retailer but by the manufacturer, wholesale, and jobber and is carried on to the ultimate consumer, who does not know it.

Is it not significant that this method of concealing the sales tax, with possible unlimited profits, is urged by great business interests that struck from the conference report on the revenue bill a Senate amendment making public income returns of large taxpayers? Secrecy and concealment are weapons equally dangerous with which to open the gates to gross injustices, whether in the exaction of a sales tax or enactment of legislation. Those who urge this sales-tax secrecy offer a quack remedy to satisfy the taxpayer. Are they right in their estimate of his intelligence?

History recalls a wonderful campaign made by the boy orator from the Platte, who nearly captured the steering gear of the ship of state over a score of years ago by his cry that a tariff is a tax levied on everything we use from the cradle to the coffin. In a measure he stated an economic truth, but justification for a protective tariff was urged because of employment given labor that would produce at home and would keep out foreign producers; that would bring increased wages and comfort to the laborers and their families, with a full dinner pail, better living conditions, home market, and independence for our people; that, through increased competition, would lower prices.

A sales tax makes no pretense of being levied to furnish employment to labor or to aid home production in order to reduce prices to the consumer through competition, but this tax is to supply need for Federal finances heretofore met by the corporation excess-profits tax and income surtax. A consumption tax on the poor is to supplant a luxury tax on the rich or well-to-do consumer, which is a tax we have just repealed. It taxes all alike on the necessities consumed.

SMITH, JONES, AND BROWN

For illustration, a sales tax will give Bill Smith, the farmer, and Tom Jones, the iron molder, or Nancy Holmes, the seamstress, and Joe Brown, who sweeps the streets, the God-given privilege of paying the same tax on all they consume that is now paid by Carnegie, Morgan, Kahn, and Rockefeller, with this difference, that Rockefeller may buy shoes and food for himself alone from out his many millions of annual income, whereas Smith, Jones, and Brown will pay a sales tax on everything their wives and all their children consume, in addition to the tax on their homes, while the pay check that has recently been defeated will be smashed again and again with the new tax.

Another view is afforded when Smith, the farmer, carries his produce to town and finds farm products have fallen below 1913 prices, whereas prices charged him by department stores or retailers average from 50 to 100 per cent more than pre-war prices. During the war he carried 5 bushels of corn or a hide to town in exchange for the shoes bought for himself or wife, but now he takes 25 bushels of corn or several hides to town for the same shoes on which the Canadian tax collector says a new additional sales tax will be so levied; the consumer will pay it, but not know it, because in addition to more profits it is added to the present price of the shoes.

Jones and Brown, whose pay checks slumped 10 per cent last month, and who are confronted with another pay cut or a prolonged vacation without pay, are likely to engage in the same process of reasoning that affects Smith when he remembers that his legislative representative in Washington not only unsoaked the rich, who are best able to pay, but soaked with a sales tax the fellow who is fighting hard to exist.

It makes no difference to them that Otto Kahn in his private car is touring the country in efforts to instruct Congress through his four years' experience of American citizenship, nor are they impressed with the news that the sun, comet, star, or world are in favor of the simplicity catch-em and skin-em tax, or that publishers who enjoy an annual income in six or seven figures are now relieved from the nightmare of an excess-profits tax. Smith, Jones, Holmes, and Brown, of whom many millions under different surnames are to pay new taxes, will know that an additional mortgage has been placed on mere existence and their love for the sales tax and its legislative supporters will be as warm as the Canadian blizzard that proposes to spread its sales-tax mantle over our own people.

I have endeavored to address these few remarks to that phase of the tax burdens which affects the human side, and it should not be forgotten that the Government's interest is primarily concerned in the happiness and comfort of that human. This view of the question presents a responsibility which concerns Congress when we are asked to spread a sales tax on the people of the country.

ALL SALES TAXES ARE CONSUMPTION TAXES

In an effort to place the scope of a turnover sales tax before the House I made some observations on that proposal in January of this year, and while the two methods of taxation differ in some particulars, the manufacturers' tax possesses many of the objectionable elements of a turnover sales tax, and is equally objectionable in its application to all that the consumers eat, drink, wear, and use, irrespective of their ability to pay.

This Congress has repealed many taxes based on ability to pay, and to that extent we have violated a recognized principle of taxation. It now remains for us to put a final stamp on the power of wealth if a sales tax is enacted.

We are Representatives free to act, but it is well to bear in mind that seductive arguments favoring a sales tax come from big business of bipartisan affiliations that wants to be permanently relieved from any fear of future excess-profits tax and escape from income taxes; from department and retail stores that ask to be relieved from any limitation of present profits so as more easily to cover up profits, huge profits, on the plea that the tax is responsible. All these powerful agencies will be engaged in pressing this sales tax on Congress.

Do not let us forget that although powerful Republican and Democratic journals endorse the tax, that practically every Democratic Member on this floor is recorded against such tax time after time, and it will be the most potent and persuasive argument in the hands of every opponent throughout the next campaign that Republican Members were found supporting such an indefensible proposition. In the average constituency, a great majority of the people are comparatively poor, and while it is a popular belief that God loves the poor because He made so many of them, they can not depend on that love while Congress is representing them, and it will be for you to answer if, after having voted to repeal over a half billion dollars in annual taxes on wealth as shown by the record of the American Congress, you join in laying an obnoxious consumption tax on the country.

I will close this discussion, which I have offered from the standpoint of a layman, with a brief word of advice from a woman who appeared before the Senate Finance Committee. Remembering the protests from many millions of farmers, railroad men, and organized labor, whose representatives appeared before the Senate committee, it is well to remember that millions of women throughout the country are equally interested and opposed to the passage of any consumption tax. In other words, the 98 per cent of the 26,000,000 voters at the polls last election speak in large degree through those I have quoted, and last but not least forcible is the argument of Mrs. Walter I. Swanton, president of the Women's Single Tax Club, whose statement appears on page 358 of the hearings:

MRS. WALTER I. SWANTON, PRESIDENT OF THE WOMEN'S SINGLE TAX CLUB

"The CHAIRMAN. What do you desire to speak on, Mrs. Swanton?"

"Mrs. SWANTON. Opposition to the sales tax, sir."

"The CHAIRMAN. Whom do you represent?"

"Mrs. SWANTON. I am president of the Women's Single Tax Club."

"The CHAIRMAN. You may proceed."

"Mrs. SWANTON. I would like the committee to let me just make these statements before they begin to ask questions."

"The CHAIRMAN. Very well."

"Mrs. SWANTON. The proposed sales tax is another consumption tax. We know that all consume about the same amount, the poorer the quality the dearer in the end. Also those living from hand to mouth pay more for what they buy. This means that the poor man pays a heavier tax than the rich man. A family whose cost of living used up the full amount of its income pays a tax upon every cent of the income, while the rich pay a consumption tax upon the portion spent and the portion saved is exempt. The richer the person the greater is the exemption. This is true of all consumption taxes; they are unjust and increase poverty."

THE PENALTY OF UNDERCONSUMPTION

"The urgency of protecting production at the expense of consumption is putting the cart before the horse. Production does not create prosperity, but consumption does. The present situation is not one of over or under production. I beg permission to cite my own personal experiences. My hat, made over at trifling expense, has done service for five years. I could go through the whole of my household expenses in the same way. This is not an exception; every woman I know can tell a similar story. Women are the purchasers of the country. They are saturated with thrift. High prices have made it necessary. You no doubt think that by such frugal means vast savings have been piled up. That should be the reward of thrift, but it is not so. I have three growing children that must have nourishing food, and what I have saved from the dry-goods merchants has gone into the pockets of the packers. Many less fortunate, having hit bottom long ago, can not save on dry goods, so must save on food to the injury of the family and the sacrifice of the future generation."

"Figures showing the underfed people of this country are alarming; five children fainted in school recently from lack of nourishment. This is underconsumption; it is the reason why our warehouses are filled with cotton and wool and our cold-storage plants filled with food. It is a disgrace to the voters of this country. I say voters, because I believe in the truth of the story of the man who came to Washington to find the power of the Government. He came up here on the hill; it was not here. He went to the Executive; it was not there. Some one said Wall Street. He went there, but did not find it. Seriously minded, he went home and looked in the looking glass; there he saw the power of the Government."

Mr. Chairman, I submit the foregoing for your consideration and have other data that can be offered.

To attempt to discuss in detail the sales tax or revenue bill would be impossible in the brief time afforded, but I believe the other tax recommendations are fairly acceptable notwithstanding protests on the table of every Member. The plan to balance the Budget is generally satisfactory provided it can be done without too harsh methods employed, but when England refuses to adopt a painless sales tax and in view of the protests I placed in the RECORD, only a few of which were quoted, I submit the tax when fully understood will be resented by those who to-day are burdened with heavy taxes and depressed business conditions.

With the belief that this may help to throw light on a controverted tax and offering the best witnesses available when the tax was first proposed after the war I leave it with the House to consider.

Mr. CRISP. Mr. Chairman, I yield myself 10 minutes, or so much thereof as I may use.

I apologize for again injecting myself into this discussion. I did not care to interrupt the distinguished gentleman from Missouri [Mr. LOZIER] when he was making his speech. I only desire to present to the House some facts for the House to consider in connection with the recent sale of Government securities by the Secretary of the Treasury. I rejoice that the Government of the United States was able to maintain its credit, even if this was done at a high rate of interest, as I will show was the case. To my mind it confirmed the statement I made yesterday that if you continue to issue bonds or Treasury certificates, the taxpayers of the United States will be compelled to pay high rates of interest.

Yesterday \$900,000,000 of bonds and certificates were offered and oversubscribed. Six hundred million dollars of the \$900,000,000 did not add to the bonded indebtedness of

the United States in gross amount because this \$600,000,000 was to refund \$600,000,000 of bonds of the Government then outstanding and due. They simply took the place of \$600,000,000 of bonds that were due and were to be refunded that the Government did not have the money to pay, and these bonds were substituted for them. They are due in one year, and the rate of interest paid is $3\frac{3}{4}$ per cent. In May, 1931, the Government sold \$300,000,000 of bonds due in six months at $1\frac{1}{2}$ per cent. The rate on these bonds sold yesterday was $3\frac{3}{4}$ per cent; \$300,000,000 yesterday was sold on seven months' time and the rate of interest was $3\frac{1}{8}$ per cent. Similar short-term certificates were sold in 1931 at $1\frac{1}{2}$ per cent.

You will see how the rate of interest is increasing, and I said yesterday that as long as the investing public and the banks knew that the Government was going to continue to sell bonds they would have the money in their vaults to buy them—first attributing to them patriotic motives to protect the credit of the United States, or, if you desire to attribute to them sordid, selfish reasons, because they knew they were good investments and they had the money available. And with respect to these short-term certificates or bonds, for one year or two years, those who had the money were not afraid to invest in them, because Government securities are the premier security of the world, and they knew when they were due in seven months or in one year they ran no risk whatever of losing their principal, because they could hold them for that short time, and they knew the Government of the United States would redeem them at par, even if they had to pay 7 or 8 per cent to get the money. With respect to bonds issued over a longer period, while they know at maturity they will be redeemed at par, they may depreciate, as many of them to-day have depreciated; and they can not get their money in full until the bonds reach maturity, which may be several years or 10 or 20 years, and therefore they will not buy them.

I am glad, I say, that the bonds were oversubscribed, and it absolutely carries out what I said was liable to happen if you continue to issue bonds or short-time securities to finance the cost of the Government. The only economical way for the Government, or the individual, or the corporation to operate is to have the receipts equal to the expenditures. I repeat again, that every bond issue of the United States entails an additional burden on the already overburdened taxpayer, for taxes must be collected to pay the principal, and likewise to pay the interest on the bond issue.

Mr. PATMAN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PATMAN. The gentleman made this statement yesterday:

The United States Government during the sixties issued \$449,000,000 of greenbacks, supported by 40 per cent gold reserve, and in 1864 they sold as low as 43 cents on the dollar.

I think the gentleman is mistaken about the currency being backed by 40 per cent gold. What authority did the gentleman have for that statement?

Mr. CRISP. My authority for the statement that it was backed by 40 per cent gold was the Speaker of the House of Representatives. For the other statement as to the way the greenbacks depreciated, my authority is the Treasury of the United States.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. O'CONNOR. I am interested in what the gentleman says about the balancing of the Budget. He compares the business of the individual and the business concern to the business of the Government. Would the gentleman go further, to what might be the logical conclusion, and say that the National Government, or the State government, or the municipalities, should also wipe out their bonded indebtedness? It never has been done; they always have been in debt, and always will be in debt.

Mr. CRISP. I think it would be a consummation devoutly to be wished, if they could do it. I think in many cases the revenue will not permit them to do it, but I think

that any community that could wipe out its bonded indebtedness ought to be congratulated.

Mr. McCORMACK. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. McCORMACK. Let me suggest that many cities and towns have difficulty in getting temporary loans in anticipation of tax payments, because of the fact that their indebtedness is so great that the rate of interest charged is higher than it would be under ordinary circumstances and if their outstanding indebtedness was lower.

Mr. KELLER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. KELLER. Is it not true that the greenbacks had no exception clause, nothing to give them preference at any time.

Mr. CRISP. I do not know anything about the details of the legislation that authorized the issuance of the greenbacks. I have had a number of Members of the House tell me that they were depreciated 40 or 50 per cent, but I addressed an official communication to the Secretary of the Treasury and asked to be advised as to the depreciation of these greenbacks. They furnished me the data, which I included in my speech yesterday on the general fluctuation of that currency.

Mr. KELLER. I do not want to contend with the gentleman, but I am going to take the time to look into it. I think the gentleman is mistaken.

Mr. LOZIER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. LOZIER. Is it not true that most of the paper money issued during the Civil War period was not receivable for customs duties or the payment of interest on the Government debt? Is not that the class of paper that depreciated to 40 or 50 per cent?

Mr. CRISP. My friend is a distinguished student, I am not. I am very frank to say that I have not the information to answer his question.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. HILL of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, I shall ask for just a brief time this afternoon to discuss this question frankly from a partisan viewpoint; that is, from the viewpoint of a Democratic Member of this House. All of the preceding speeches have been so harmlessly nonpartisan. I have a great deal of sympathy with any Democrat of this House who conscientiously feels opposed to voting for this bill. I have heard the arguments, and they are to the effect that this indebtedness has not been incurred by any action of the Democratic Party; that most of it has been incurred in direct opposition and contrary to the wishes of the Democratic Party; that the present Executive has allowed the deficit of last year to go without making any effort to balance the Budget; but that as soon as a Democratic majority takes control of the House, then an effort is made to balance the Budget. I sympathize with those arguments, but it seems to me that we on this side of the House have a bigger question than that to solve. History has shown us that it is easy to run a government on credit.

It requires little or no administrative ability. It is easy to vote appropriations and then shun the problem of paying the bill. It is very much like sitting in a boat and let the current take you where it will, and I can conceive of no way for a Member of Congress to lose his local popularity at home any more rapidly than by advocating a taxation measure. If I were in a popularity contest, I should not be speaking this afternoon. Rather would I oppose this measure and make friends of all who are affected by the tax and not make any enemies of anyone else because there is no substitute for consideration. It is easy to run a government without balancing the Budget; but, like a snowball going down hill, each year it becomes harder for us to regain our equipoise. One nation after another by starting the printing press has found this out. If we go

through this administration for two years with an unbalanced Budget and then elect a Democratic Executive, as we all hope to do, will we not be in the same position that our party was in 1892, when the Harrison administration had been for some time paying their current expenses out of bond issues, when France went off the gold standard, and when the largest banking house in England failed?

Then the job came on to a Democratic Executive to balance the Budget and try to carry through in a world condition almost as bad as at the present time. Of course, in those days there were no such things as world panics. They were all local American Democratic panics. We, the Democratic Party, inherited an unbalanced Budget and were held responsible for the cataclysm that followed. But in today's condition that is not true. It is said to be a world condition that brings about our dilemma. As conditions are now, this gives the present administration an opportunity to clean the Augean stables; and if we pass this up, the burden of the whole proposition is going to be on Democratic shoulders, with a Democratic President, as we hope. I can not see how any Democrat can look at this proposition in any other light. We must meet the situation as it is. I for one would like to see the administration that incurred this debt or is largely responsible for it help meet the responsibility and take some of the criticism. No one of us likes a sales tax, but I would rather go back to my constituents and discuss it with them on a common-sense basis than take it up in two or three years or more, when we will have no opportunity to explain, and they will remember nothing but the tax, and history will again be repeated.

There are two ways in which we can balance the Budget. One is by this sales tax or by some sales tax, and the other is by a tax on low-proof intoxicating liquors. I do not want to inject that discussion here. There is no chance of that kind of a law being passed at this time. But to you gentlemen who are interested in getting relief for veterans and in paying the soldiers' bonus—and I am with you on that issue—I say that unless this Budget is balanced or unless a tax is placed on low-proof intoxicating beverages, I do not see how there is a possibility of the soldiers' bonus being met at this session. We have a most queer situation here. Many of the very men who are most vociferous on our side of the House in the interest of the veterans are the very ones who are opposing the only two methods of taxation that have been proposed whereby their veterans' relief measures can be accomplished. We can not go out and issue bond after bond to accomplish everything that we want if we do not even meet the current running expenses of the Government by taxation.

There are three propositions that I should like to add to this tax bill and also three propositions that I should like to see taken away. The three will practically balance each other. I would like to see an increase on stock transfers from 4 cents a share to one-half of 1 per cent of the consideration received.

We may just as well admit among ourselves in the extreme privacy of this discussion—which, of course, has very limited publicity throughout the country—that approximately 95 per cent or more of the stock-market transactions are of a pure and simple gambling nature. This remark comes from one who, to the very meager limits of his means, has participated in this little game, and, it may be added, to his sorrow and increased wisdom. Now, while the United States is protecting and fostering this gambling game, and in view of the fact that we can not stop it because of its absolute necessity to the continued operation of business, and, furthermore, in view of the fact that we have found that a very effective control is almost out of the question, why would it not be advisable for us to take the course that any other gambling proprietor does and fatten up the kitty? Especially when we realize that by so doing we will be lightening the burden for those citizens who do not have the means to participate in this royal pastime. It may be said that a tax of this kind will drive the stock transactions to foreign exchanges. For some time past we have been operating a tax of 2 cents per share, which is practically

half of the tax imposed in Canada, yet we have not observed the Canadian exchanges moving into this country; and if I remember the record correctly, the gentleman who testified before the committee from the Chicago Exchange was not even aware that Canada imposed a stock-transfer tax. That tax would increase our income from that source from \$21,000,000 to practically three times that amount. Then I should like to see a tax of 3 cents a hundred dollars placed on bonds other than Government, municipal, or State. That is the same as the Canadian tax, except that in Canada they tax Government bonds.

I can see no excuse for a government taxing a government bond and then paying for it out of the other pocket. It is argued that a bond can not well be taxed because it is not registered and can be transferred without anyone knowing it. You can say the same thing of a great many stocks which are indorsed in blank and are not transferred on the books of the company. If one wants to run the risk of a criminal prosecution, it is a tax that can be evaded, just as the stock tax can, but I can see no reason why it ought not to be put into effect just the same. There is another fund that has not even been considered here, and that is a tax of 2½ per cent on pari mutuel tickets. There are no figures in the Record here on that point, but authorities with whom I have talked say that this will produce a very considerable sum. It was estimated at \$30,000,000. I do not know how reliable these figures are. An increase of the corporation tax on profits from 13 per cent to 15 per cent would increase the tax income \$17,000,000 for each 1 per cent, or approximately \$34,000,000. Such a tax is not so easily shifted to the consumer as a sales tax, because it is on corporations that are already making a profit. To me there is no question but that a manufacturers' excise tax, like every other tax, is ultimately placed upon the consumer. The only difficulty about the present taxing measure is that it is too frank in this respect to have a popular appeal. For that reason I recommend the above increase in corporation income taxes, because that tax will not be collected for a year and will not be shifted to the ultimate consumer for probably another year, and by that time let us pray that this period of Republican prosperity will be over.

If the corporation income tax is increased those three elements together will just about balance the three changes which I should like to see made in the sales tax.

Mr. STAFFORD. Will the gentleman yield?

Mr. HARLAN. I do not believe I have time. When I finish I shall be glad to yield to the gentleman.

I should like to see the exemption on theater tickets raised from 25 cents to 50 cents. That will allow almost anybody to get a cheap seat in any moving-picture show, wrestling match, or boxing exhibition.

I say to you, Mr. Chairman, that, in times like this, a man out of employment, a man with a family, who has nothing to do but worry, should have an opportunity to get a little mental relaxation. That is something we should cherish and protect. As was said this afternoon, "Man can not live by bread alone." I say that for the mental comfort of our people we ought to allow at least that much recreation without taxing him. The tax will then come on the higher-priced and better seats in any theater and nobody will be bothered.

Another change I should like to see in this bill is the tax on imported crude oil removed. That seems to me to be a very gross injustice. Just like every other tariff measure, it is going to fall largely on the shoulders of the farmers. Do you know how much oil the farmers use? About 13,000,000 barrels in 1930, which would impose a tax in 1930 of \$5,460,000, and in 1931 the tax would be \$3,810,000. We all talk about helping the poor farmer. That is where that burden is going to be placed, just like our past tariffs have placed it. That amount is only 3¼ per cent of the oil that will be consumed; the rest of our people would carry a burden thirty times greater.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. HARLAN. If the gentleman will get me some additional time.

The CHAIRMAN. The gentleman has been yielded five additional minutes.

Mr. JOHNSON of Oklahoma. The gentleman objects to this small excise tax of 1 cent per gallon on imported crude oil. The gentleman must remember that the figures he gives are not for all oil but only the oil imported from other countries to this country.

Mr. HARLAN. I understand the point. That is true; but if that tax means anything at all, it means the local producers will raise their prices 1 cent a gallon. Otherwise it would not do any good. Whoever buys the oil or gasoline will either buy at the price at which the foreigner can import it into this country or at the price that the local man will sell it for.

Mr. HASTINGS. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. HASTINGS. Does the gentleman know that oil has fluctuated from \$1.45 in the past three years to 10 cents a barrel in August last, and has there been any appreciable difference in gasoline in that time or in the price of oil? Will the gentleman just answer that?

Mr. HARLAN. I know that; yes.

Mr. HASTINGS. There has been that difference in the price of oil.

Mr. HARLAN. Well, I did not yield for an argument. The gentleman asked me if I knew it, and I said I did. The same argument which the gentleman makes has been the eternal argument in favor of high tariffs. I believe it will be generally admitted that if the effective industries of this country are going to sell their commodities abroad and employ American labor, we are going to have to buy some commodities from abroad. I can think of no better place to start than in the raw materials we take from the ground. Temporarily some stockholders are going to suffer; some few men are going to be put out of employment, but a greater number of stockholders in effective industries will gather greater profits and a greater number of men will be employed by those effective industries, such for instance as our automobile and machinery business. I can conceive that in years to come this country will profit by conserving its natural resources now. Our civilization is going to compete, I hope, in a friendly way but possibly in an unfriendly way with the civilization of Asia. There are in Asia untold and probably unlimited supplies of coal and oil, and I believe it behooves us in the interest of our descendants to conserve our natural resources and not do as our forefathers did when they ruthlessly destroyed all of our virgin forests. If the foreign countries are willing to deplete their supply of natural resources and sell it to our manufacturers at a rate to enable them to manufacture cheaply and employ our labor in mass production, I can conceive that there might be greater evils than the temporary shutdown of a few oil wells.

Now, this tariff on imported oil does not end there. Practically all of the oil that goes to make asphalt is imported oil, and the tariff on oil will make an increased price of \$4.50 per ton on asphalt. There are about a thousand tons, I understand, used in a mile, and that will add \$4,500 to the cost of every mile of road built in the rural districts, and that is where it is used.

Mr. ARNOLD. Will the gentleman yield?

Mr. HARLAN. I am sorry, I can not.

Now, I submit another proposition, and I can appreciate and agree with the gentleman from New York, Doctor Crowther. I can not see how we on this side of the House can avoid the humor of the situation, at least, if nothing else. Ever since the Hawley-Smoot bill was passed we have berated that bill as an exorbitant, outlandish, oppressive tariff measure; and here, when we are in a position to get the effect of the 2¼ per cent reduction in rates, which would not have seriously injured any except the most inefficient and ineffective industries, we turn around and establish what is equivalent to a 2¼ per cent increase in the Hawley-Smoot tariff. How we will ever meet that during the campaign I do not know. It is the most unanswerable argument that I ever heard of. [Applause.]

In conclusion as between a choice of evils, if the above-suggested amendments are not acceptable to this committee, I shall support this bill because I can think of nothing more injurious to the country or to the party of which I am a member than to allow our Budget again to go unbalanced. To accept what is the equivalent to a 2¼ per cent increase on the Hawley-Smoot tariff rates conflicts in my mind with every idea of sanity in government and economic principles. I do not favor at this time a radical tariff reduction, such a reduction as would disturb business, but here is a reduction, in effect, that would allow in a few commodities a revivification of foreign trade, and, if any important industries of this country were seriously affected thereby, the remedy is immediately at hand through our own tariff commission and the President.

[Here the gavel fell.]

Mr. HAWLEY. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. SELVIG] such time as he desires.

Mr. SELVIG. Mr. Chairman, a subject of tremendous importance to this country is now being considered by the House of Representatives. Emergency legislation has occupied the attention of Congress and it is hoped and expected that additional measures, including the money bills on which hearings will be held next week, and a bill for safeguarding depositors in our banks may soon be reported and passed. Farm relief legislation is necessary. Most of the supply bills are now under way. Only the question of taxation remains.

This question is one of unusual difficulty this year. The need of balancing the Budget is universally admitted. The pending bill seeks to accomplish that purpose. An honest and sincere difference of opinion as to how this is to be accomplished has arisen. I do not favor the proposed manufacturers' sales tax. It is indefensible for reasons which I will attempt to set forth.

First, however, I desire to state the principal provisions of the proposed revenue measure as reported to the House by the committee.

First. It is proposed to levy a 2¼ per cent sales tax on most commodities with certain exceptions to which I shall refer later.

Second. Increases are placed in the present income-tax rates from 1½, 3, and 5 per cent to 2, 4, and 6 per cent.

Third. There is a reduction of income-tax exemptions from \$3,500 for a married person to \$2,500, and for single persons from \$1,500 to \$1,000.

Fourth. The surtax is increased to 40 per cent on incomes above \$100,000.

Fifth. The earned income base is reduced from the first \$20,000 to the first \$12,000.

Sixth. It is proposed to double the estate-tax rates with the addition of a "supertax."

Seventh. Taxes on gifts with maximum rate of 30 per cent are included.

Eighth. There is an increase of amusement taxes to 10 per cent on admissions above 25 cents.

Ninth. Fees for stock transfers are increased from 2 to 4 cents per share, which is also applicable to stocks loaned for covering short sales.

Tenth. A special excise tax on lubricating oils of 4 cents a gallon is imposed.

Eleventh. There is a provision for excise taxes on malt sirups of 35 cents a gallon, on grape concentrates of 40 per cent, and on "wort" of 5 cents per gallon.

Twelfth. Special excise taxes are to be levied on telegraph, telephone, cable, and radio messages.

Thirteenth. There is a tax of 1 cent a gallon on imported gasoline, gas, oil, fuel and crude oil.

The income tax increases included in the bill provide that the rate of 1½ per cent now in effect on the first \$4,000 of net income would be raised to 2 per cent. The present 3 per cent rate on the second \$4,000 net income would be raised to 4, and the 5 per cent rate on the remainder would be increased to 6.

The surtax would be applicable to all net income above \$10,000, with a graduated rate beginning at 1 per cent on

net incomes of between \$10,000 and \$12,000 and increasing gradually to 40 per cent on incomes of more than \$100,000. I desire at this point to assert that this rate places too light a burden on the accumulated wealth in the extremely high brackets as compared to the brake on business initiative and energy represented in the lower brackets.

The earned-income base would be lowered from \$20,000 to \$12,000. The credit for earned income would be deductible from gross income at the rate of 12½ per cent instead of 25 per cent from the net tax as now computed.

Let me observe right here that these two changes reduce sharply the advantage formerly allowed to a class of taxpayers who are under far greater necessity of putting a portion of their income into savings than the more favored class in possession of unearned incomes.

Coming now to the estate tax, or the so-called inheritance tax, the committee voted increases by doubling the present rates. The increase would be classified as a "super tax," and all of its proceeds would accrue to the Federal Treasury. Under the present estate-tax system credit up to 80 per cent is allowed for inheritance levies paid to States that exact such an impost.

The maximum estate-tax rate in the proposed bill becomes 40 per cent, applicable to estates of more than \$10,000,000. Provision is made in the administrative features of the measure to take care of shrinkage of estates in periods of deflation like the present by allowing them to be valued 18 months after death. This provision would limit the returns from the estate tax for the time being. Eventually, however, this tax will produce large returns.

The bill under discussion carries gift-tax levies. This gift tax is inserted as a "mother levy" to prevent evasion of the estate tax. Under the present law only gifts made in expectation of death are taxable. In the new bill all gifts of property or money exceeding \$50,000 would be taxable at rates graduated from 1½ per cent to 30 per cent. It will be noted that the gift-tax rates are fixed so that they will be 25 per cent below the new estate-tax rates. This provision must receive careful scrutiny before it is acted upon.

I shall point out it is apparent that the committee did not expect the income, estate, and gift levies to produce a large part of the revenues. I am not commenting on their plan and purpose just now. I first wish to present the picture of the bill as reported.

For the purpose of securing the greater part of the increased revenue, a new kind of a tax for the Federal Government was hit upon. This is the manufacturers' sales tax. New in the United States, excepting in a few States, but borrowed largely from Canada and Australia.

Practically every manufacturing enterprise in the country doing an annual business of more than \$20,000 would be subject to the tax. Practically every article, except some of the simple necessities of life and those designed for educational advancement and religious devotion, are covered by its terms.

What articles are to be exempt from the sales tax? Let us see. Here is the list: Farm and garden products, fertilizer and fertilizer ingredients, garden and field seed; meat, fish, shellfish, and poultry, fresh, dried, frozen, chilled, salted, or in brine; bacon, hams not cooked or sealed in airtight containers; butter, oleomargarine, and other butter substitutes; cheese, milk, and cream in any form, fresh, condensed or dried; eggs and eggshells; bread, flour, and meal; sugar for table use; tea, coffee; tobacco and tobacco products which already are taxed; water not conserved in transportable containers; newspapers, magazines, and other periodicals; pamphlets and music for the blind; schoolbooks, Bibles, testaments, rosaries, prayer and hymn books, pulpits, religious stationery and pictures, and all other articles used in religious devotion.

Please bear in mind in considering these exemptions that the farmers produce and sell food products. They do not buy them. They buy products on which the sales tax will be levied.

Other special levies are included in the pending bill. The proposed tax on gasoline was omitted, but we have in its stead an import tax on gasoline, gas, oil, fuel, and crude

oils. A special tax of 4 cents a gallon was placed on lubricating oil. The reason given was that miraculously this commodity has not been subjected to special levies by the States.

The proposed tax on electric consumption was swallowed up in the sales tax, and so was the special levy proposed for illuminating gas. An increase in amusement taxes and from 2 to 4 cents a share on stock transfers, and levies on telephone, telegraph, cable, and radio messages were included to obtain the remainder of the revenue of more than \$200,000,000 expected from special exercise imposts.

We come now to the proposed amendments to the administrative features of the 1928 act. Provision is made for changing the capital gains and losses sections so as to restrict stock and bond losses deductible from gross income to actual gains made in similar transactions in the same taxable year. The bill is expected to provide \$100,000,000 through this amendment alone, according to conservative estimates of the Treasury.

I will conclude this analysis by inserting in the RECORD estimates of the yield in taxes if the committee's program goes through. The entire revenue program, as outlined by Acting Chairman CRISP on ultraconservative estimates of the Treasury, follows:

Manufacturers' sales tax (2.25 per cent).....	\$595,000,000
Income-tax increases (individual).....	112,000,000
Corporation-tax increase.....	21,000,000
Estate-tax increase.....	35,000,000
Increases in amusement tax.....	90,000,000
Increase in stock transfers.....	28,000,000
Special excise on lubricating oil.....	25,000,000
Excise on malt sirups, grape concentrates, and wort.....	50,000,000
Levies on telegraph, telephone, and cable messages.....	35,000,000
Import tax on gasoline and oils.....	5,000,000
Increase in postal rates.....	25,000,000
Savings in administrative changes of 1928 act.....	100,000,000
Reduction of expenditures.....	125,000,000
Total.....	1,246,000,000
Needed to balance Budget in 1933.....	1,241,000,000
Anticipated surplus.....	5,000,000

These are the figures as submitted by the committee. What do we find?

First, in the toll to be exacted is the enormous sum of \$595,000,000 to be saddled on the consumers in our land. It is unjust and positively vicious. The sales tax proposal has been called a "pork barrel" for the wealthy class. It has been estimated that those with incomes over \$100,000 will not pay over \$20,000,000 of the manufacturers' sales tax; that those with incomes over \$5,000 will not pay over \$100,000,000, and that those with incomes under \$5,000 will pay about \$495,000,000 of this tax. Those with incomes under \$1,800, the factory workers, the farmers, the clerks, and others having small incomes and who are barely existing on the ragged edge of poverty, will pay at least \$245,000,000, or nearly one-fourth of the additional Federal tax levy.

This bill carries no exemption for misery, hunger, unemployment and debt.

And if this were not enough, there is to be levied another \$90,000,000 in taxes on admissions to amusements, again exacting tribute from the poor and lowly where they seek an hour's surcease from their work and worry in the low-priced motion-picture theaters.

A special tax of 4 cents a gallon on lubricating oil, of which the farmers are heavy purchasers, is estimated to lay an additional toll of \$25,000,000 annually on consumption. What is the imposition of an import tax on gasoline, gas, oil and fuel, and crude oils but an additional load on the farmer's back, on the poor man who must use his car in his business or for a brief pleasure trip?

I shall insert in the RECORD at this point a letter received on March 10 from the secretary of the Minnesota Farm Bureau Federation which expresses the point of view of Minnesota farmers on this provision in the bill.

MINNESOTA FARM BUREAU FEDERATION,
St. Paul, March 8, 1932.

HON. C. G. SELVIG,
Washington, D. C.

DEAR MR. SELVIG: Some of the farmers have inquired and seem much concerned, judging by newspaper reports, in regard to the tax on imported oils, which revenue bill is now before Congress.

At the time of our annual meeting the Minnesota Farm Bureau Federation went on record on January 23 as opposing the tariff or embargo on the importation of petroleum or its products.

In the last week I have heard a great deal of discussion in regard to the opposition of this tariff. The farmers believe that the tax on petroleum products belongs with the State.

I am conveying this to you by way of information as a result of the resolution adopted at the annual meeting of the Farm Bureau and the discussion that I have heard.

Yours very truly,

J. S. JONES, *Secretary*.

Postal rates are to be increased to yield an estimated return of \$25,000,000, to be paid by the users thereof. The rich will not pay many of these taxes—the sales tax, the amusement tax, the oil tax, and the increase in postal rates, aggregating the stupendous sum of \$650,000,000, or more than 52 per cent of the total to be raised. Are the poor to be crucified in this pending tax bill?

The chief concern, we are already informed, that is felt among the manufacturers and producers is whether they will have to absorb this sales tax in their selling prices or be able to pass it along for their customers to pay. Judging by the past, we can expect industry to find the way to compel buyers to pay the extra amount.

No concern is felt about the customers' ability to pay. What about the possessors of small incomes which are completely used up in the purchase of necessities? They are the mute, unorganized masses. They have no high-powered lobby in Washington. On their shoulders is placed nearly half of this tremendous tax burden. It is a tax based upon consumption, and not upon ability to pay. Under the provisions of the bill as introduced the income-tax payers will shoulder an increased burden of \$115,000,000, compared with \$650,000,000 to be raised by consumption taxes.

There is little wisdom and justice in the general sales tax that is now being proposed.

It is unjust because most of the weight falls on the rank and file of consumers—the poor people. It is especially unjust when upward of one-fifth of the population are victims of unemployment and millions of our farmers are barely hanging on to their hard-won farms, barely eking out a meager living.

The return of prosperity awaits the revival of purchasing power. It will be retarded and delayed by brakes upon ability to buy.

I would be both inconsistent and negligent in discussing the proposed revenue bill if I did not offer constructive proposals for balancing the Federal Budget in a proper and just manner. Those who have heard me discuss public questions in my district know my views on the centralization of wealth in the hands of the few. This problem and the growing impoverishment of our rural population are to my mind the two outstanding evils of the day.

The taxation of personal incomes and estates at steeply progressive rates should be substituted for the sales tax in any form. Our antiquated tax system, both State and National, should be so revised that public revenue would be obtained from those who can make payment with the least sacrifice. The burdens should be placed upon those best able to bear them. Through such a plan industrial activity would be revived by lightening taxes on small incomes and increasing taxes on large incomes. This, in turn, would tend to increase consumer demand and check the accumulation of idle capital, too often invested in tax-exempt securities for the avoidance of taxation.

We should do something to stop the ever-growing volume of tax-exempt securities, with the end in view of abolishing the tax-exemption feature altogether. Tax-exempt bonds are a refuge for the tax dodger, and what one escapes the rest of us must pay.

There have been several steps taken in the right direction in framing this bill, but its authors have had their eyes fixed too firmly on the "easy-to-collect" and "no-one-will-feel-it" sales tax to follow the soundest plan, the only just plan, of levying taxes on those most able to pay. Amendments will be offered to this bill to secure additional receipts from personal-income levies.

The present emergency equals in intensity that of our war-time period and war-time levies are defensible.

I shall not take the time to-day in enlarging upon the idea that those with the greatest wealth ought to and must pay the largest part of the expenses of Government. We face a condition in this country to-day—the flow of wealth from our farms and smaller communities to the large centers is alarming. I could cite specific instances by the thousands to prove the statement. It amounts to an economic revolution, whether we like the word "revolution" or not.

For fear that a Representative from a farming district, one whose constituents receive almost their sole support from the labor and drudgery which falls to the lot of the farmers, may not be considered safe and sane in his economic views, I call the attention of the Congress and of the people of the United States to highly respectable sources of information that even the spokesmen for entrenched wealth would hesitate to denounce.

Speaking last June at the Columbia University commencement, Dr. Nicholas Murray Butler, distinguished president of that great institution, said:

Repetition is perhaps the only way by which a sluggish, a self-centered, and a somnolent public opinion can be stirred to look deeply into these questions before it is too late.

Too late for what?

Too late to stem the tide of discontent, of disorder, and of political and economic revolution.

Great masses of men will not indefinitely sit quietly by and see themselves and those dependent upon them reduced to penury and want, while that which we call civilization has so much to offer, commands such stupendous resources, and seems capable of accomplishing almost anything.

If we are effectively to allay discontent and successfully remove temptation to disorder and revolution, we dare not sit indefinitely in contemplative inaction. The challenge is too peremptory and too ominous. * * * Action is essential. * * * To-day, progressive and enlightened liberalism is everywhere true conservatism. Stubborn resistance to betterment may well be the first step toward catastrophe.

Speaking to the Brotherhood of Railroad Trainmen several months after "black October, 1929," another man, a great president of a great university in the Middle West, Dr. Glenn Frank, of the University of Wisconsin, said:

During the last few months before significant bodies of business, industrial, and financial leaders I have made the statements I am making here, the essence of which is: If we are to insure the solvency and success of our industrial system—the solvency of capitalism—we must see to it that a larger share of the national income is shifted, is routed, into the pockets of the consuming millions and that the margin of leisure for the millions is markedly increased, in order that the masses may have money with which to buy and leisure in which to enjoy the vast flood of goods and services our magnificent machine economy is able to produce.

Twenty years ago, or less, this statement would have been set down as the envious and irresponsible raving of a disinherited radical. But experience—the experience of last year—has taught many men many things. This statement has brought to my desk a flood of letters, many of them from the undisputed leaders of American business, industry, and finance, and to date the file of these letters contains but three dissenting opinions, and not one of these was from a great business leader.

The key problem of the United States is * * * the problem of a wise and businesslike redistribution of social buying power. * * *

I should like to think that we can effect this imperative redistribution of social buying power through farsighted business, industrial, and financial leadership, without resorting to political force.

But if business, industrial, and financial leadership misses this appointment with destiny, our economic order will smash, and sooner or later the inarticulate millions of America will seek to achieve through political means what our economic order has failed to achieve for them through its normal leadership.

Let no one mistake the warning of these two leaders of thought. Ours is the solemn duty to enact into law the principles which shall save our civilization and which shall bring our country to its noble destiny.

Will a shameful disregard of present facts and tendencies remedy the evils which confront us? It were better for us to face the facts sanely and calmly and so order affairs that the present and succeeding generations shall rise to call us wise statesmen rather than blind men groping aimlessly.

From the lips of Governor Pinchot of Pennsylvania, in an address delivered in the Nation's Capital, November 30, 1931, come these words:

There has been developed in this country the most astounding concentration of wealth in the hands of a few men that the world has even known. * * * Here is the evil which has brought on the depression. * * * Here is the evil which, if allowed to develop farther, can block all hope of recovery and overthrow our entire economic structure.

The concentration of wealth and the concentration in the control of wealth during the last 30 years in this country present a problem of first magnitude. From a study of income-tax returns we may gain definite knowledge as to this tendency. The number of individuals making returns of incomes of \$50,000 and over for the year 1914 was 7,509; for the year 1919 the number was 18,846; and for the year 1929 the number was 38,650.

For the five years, 1925-1929, the individual net income class under \$10,000 required to file returns under the law decreased from 3,844,033 to 3,662,948; the net-income class between \$10,000 and \$100,000 increased from 317,458 to 357,053; and the net-income class over \$100,000 increased from 9,560 to 14,701.

Taking into a separate group the individuals who made returns on \$1,000,000 and over, we find an increase from 290 in 1925 to 504 in 1929. During the same time the total incomes of this group increased from \$465,002,745 in 1925 to \$1,354,123,656 in 1929. It is true decreases have come, affecting people in all walks of life; nevertheless, the rich have grown richer and the great mass of those who do not have sufficient incomes to file income-tax returns have had a hard time to hold their own and possibly lost ground.

We are of necessity confronted with the problem of securing increased Federal revenues. To what sources, then, shall we turn? My answer is to estate, inheritance, and gift taxes.

Andrew Carnegie, one of the richest men of his generation, was an intelligent, enthusiastic, and persistent advocate of estate and inheritance taxes. It was his view that every fortune left by a hoarder should contribute to the support of Government in proportion to its size, leaving exempt small amounts to dependents of the decedent, but graduate the rates upward until with the enormous fortunes reaching into many millions at least one-half should go to the Public Treasury.

The estate tax is a just tax and does not in the least stifle enterprise, initiative, and the accumulations of wealth. The objects of estate and inheritance taxes are, first, to prevent the accumulations of wealth in the hands of those who contributed nothing or little to its creation, and, second, to lighten the burdens of taxation weighing so heavily on the backs of the masses.

We have had a Federal estate tax since 1916. At the present time the maximum rate is 20 per cent in the bracket over \$10,000,000, and the States, by adjusting their laws to the Federal law, can retain 80 per cent of the estate tax imposed by the Federal Treasury.

In recent years the total Federal and State estate and inheritance taxes amounted to about \$180,000,000 annually, of which around \$60,000,000 go into the Federal Treasury. Under existing law the Federal Treasury will receive about \$40,000,000 a year in the future.

How much revenue should be derived from estate and inheritance taxes? In 1892 Mr. Carnegie, in a carefully prepared statement based on the national wealth and the amount of property that devolved on account of the death of the owners estimated that at moderate rates \$300,000,000 annually could be collected from this source. He said:

Every dollar of taxes required might be obtained in this manner without interfering in the least with the forces which tend to the development of the country through the production of wealth. It would be a tax easily and surely collectible.

On the same basis of computation used by Carnegie we could now collect from this source six times \$300,000,000, or \$1,800,000,000, "without interfering in the least with the forces which tend to the development of the country through the production of wealth," instead of \$180,000,000 now collected from this source by both Federal and State governments.

Great Britain, during the fiscal year ended March 31, 1931, collected from death duties nearly \$400,000,000. The conservatives of Great Britain are responsible for the productivity of their inheritance taxes. Our national wealth is four times that of Great Britain. On a proportionate basis we could collect \$1,600,000,000 annually.

The chief of staff of the Joint Committee on Internal Revenue Taxation, at the request of the gentleman from Iowa [Mr. RAMSEYER], recently prepared a schedule of rates which would collect a half billion dollars, that is \$500,000,000 annually. Authorities agree that we could easily collect at least \$500,000,000 or \$600,000,000 very much easier than Great Britain can collect \$400,000,000 with only one-fourth of the national wealth we have.

I yield to no one in my desire to see the Budget balanced, to safeguard our national credit. These things must be done.

Earnest consideration must be given to reducing the expenditures of the Federal Government. Time does not permit me to enlarge upon the possibilities in this direction. I join with those who favor drastic reductions in the Army and Navy budgets and the elimination of many governmental services which have come into existence.

Thus, by reducing expenditures and by securing the additional funds from those best able to pay, we may balance the Budget, as a step in attaining economic recovery. This is our supreme task and I am confident it will be accomplished.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Chairman, I realize that the Budget should, if possible, be balanced, if it can be accomplished without crushing the people under the tyrannical heel of taxation. While balancing the Budget is a thing devoutly to be wished, it should not be attempted if, in order to balance it, our people will suffer more by the oppressive taxes that will have to be collected than they will if the Budget is fictitiously balanced as it has been during the past two years by issuing bonds to take care of the deficits.

First, let us see what this bill attempts to do. Why in addition to the taxes heretofore levied to provide for the running expenses of our Government, this bill provides for the collection of additional taxes in the sum of \$1,246,000,000 to take care of the 1933 deficit. In other words it increases our Federal taxes \$1,246,000,000 for this year. What does that mean? Why, it means that on an average the taxes of every man, woman, and child in this country will be increased \$10. The average American family, I believe, contains five souls. It means therefore that the taxes of the average American family will be raised \$50. In my district there are 325,000 men, women, and children and, based on the law of averages, it means that the Federal Government will impose upon the people in my district additional taxes in the sum of \$3,270,000. If the other Members want to know how much Federal taxes will be raised in their districts, all they have to do is to multiply the number of men, women, and children in their districts by 10 and they will have the answer.

Now, at the outset, I challenge the necessity as well as the wisdom of this bill.

What necessity drives us to balance the Budget this year? Did not the same necessity exist in 1931 when the deficit was \$903,000,000? Did not the same necessity exist in 1932 when the deficit was \$1,711,000,000? The only necessity I have heard of is the fact that Government bonds are selling below par. Have they not been selling for some time below par? But even if they only recently went down below par, why should that be such a compelling necessity as to drive us to saddle upon the American taxpayers, who are already groaning under the onerous burden of taxation, this additional burden?

Probably 5 per cent of our people own Government bonds. This 5 per cent will, of course, be benefited if bonds go back to par. But in order to put them back to par—in order to favor the few who are so fortunate as to own bonds—shall

we crush under the oppressive heel of taxation the other 95 per cent of our population? Let me tell you that the 5 per cent in this country who own bonds are not the real sufferers. The real sufferers are the 95 per cent who never owned bonds, or who have been forced to sell them if they did own them, and who are, many of them, in dire need for the bare necessities of life.

How did we meet the situation in 1931? Listen: In 1931 we had a deficit of \$903,000,000, and that deficit was not caused primarily, as some would have you believe, by "a drastic reduction in the yield of the income tax traceable entirely to the present depression." Our tariff tax in 1931, due primarily to our prohibitive tariff, fell off \$209,000,000, and our Republican friends, who had charge of every branch of our Government, increased the expenses of Government \$225,000,000. These two items alone amount to \$434,000,000, and account for nearly one-half of the deficit.

If our Republican friends, knowing that times were hard and the day for retrenchment had arrived, had reduced governmental expenses instead of increasing them, and the Hawley-Smoot tariff bill had not worked such havoc with our foreign trade, our deficit for 1932 would have been negligible. Well, what did we do? Did we increase taxes in order to raise revenue to take care of the Budget. No; we simply issued bonds to take care of the deficit. We allowed the people to carry the deficit by paying interest thereon, and the Government, you know, is always able to obtain the lowest rate of interest.

How did we meet the situation in 1932? Our deficit in 1932 was \$1,711,000,000, and I want to tell you that our deficit for that year was not caused, as some would have you believe, altogether by the falling off of our income-tax receipts. In 1931 we collected in principal and interest on our foreign debt \$236,062,755.75. In 1932, knowing that we had a deficit, we declared a moratorium and thereby lost \$254,000,000 that should have been collected and paid on our deficit. Then, too, in 1932, our Republican friends continued the reckless course they had pursued in 1931, and again increased our expenses of Government in round numbers \$263,000,000. Thus you see that over one-half billion dollars of the deficit of 1932 was caused by the moratorium and the increase in the expenses of Government.

I want you to get this, and I want the people in this country to get it, that during 1931 and 1932 the Republicans were in charge of every branch of this Government, and the deficits for those two years amounted to over two and one-half billions of dollars. And my friends on the other side need not answer by stating that the falling off in income taxes was the sole cause, because the record shows that during those years while those in charge should have been cutting expenses they went off on a financial debauch and increased the expenses of Government practically one-half billion dollars. Considering the condition of our country, especially the inability of our people to pay taxes, such conduct was nothing short of criminal. And I want the people to get this fact: That for 1933, under the leadership of that Democratic guardian of the purse strings of this Nation, the Hon. JOE BYRNS, of Tennessee, it is estimated the reduction in expenses of Government will be \$369,000,000.

In the face of such a record, I ask, will anyone hereafter have the face to say that the Republican Party is the only party fit to run this Government?

But to get back to the deficit of 1932. What did we do to balance the Budget? Why, our friends on the other side simply balanced it like they did in 1931 by issuing bonds.

If my friends on the other side plead necessity, I answer that the same necessity existed in 1931. Why did not you balance it then? The same necessity existed in 1932. Why did not you balance it then? If good business demands the Budget to be balanced in 1933, the same good business should have demanded a balanced Budget in 1931 and 1932.

Oh, but you say we can not afford to let the Budget remain unbalanced indefinitely. I agree with you. But let me remind you of the fact that our people will be in better shape after this depression to pay \$10 than they are to-day to pay \$1. The necessity, as I see it, in connection with bal-

ancing the Budget is the necessity of putting the matter off until the people are in better shape financially to assume additional tax burdens. Certainly they are in no shape to assume them to-day. Then they tell us we can not go on without balancing our Budget, because it will destroy our Government. In reply I say we can not levy more taxes without destroying our people, and when you destroy the American taxpayer you destroy the American Government.

Why, just a short time ago, in disregard of our Budget and in order to help the foreign nations straighten their financial matters out and balance their budgets, we saw fit to forego immediate payment of the debts due us by the foreign powers and spread the payments out over a period of 62 years. And during this session of Congress we became so solicitous of the welfare of the foreign powers that we, in order to help them balance their budgets, and in utter disregard of the condition of our own Budget, granted them a moratorium. Well, if anyone needs a moratorium to-day it is the American taxpayer, and I for one stand here and demand that he be shown as much consideration as the foreigners, and that he be granted a moratorium from the payment of this deficit until, at least, this depression is over.

Is it the wise or common-sense thing to do?

In my opinion, our people are unable to meet their present tax obligations, much less assume additional tax burdens. Then by what magic do you expect them to dig down in their pockets, which are already empty, and pull out \$1,246,000,000? Ever remember that the power to tax is the power to destroy. If you want to destroy—probably that word is too strong and I should say cripple, seriously cripple—the American people and, I might add, the Democratic Party if this bill is to be considered as its offspring, all you have got to do, in my opinion, is to pass this bill in its present form.

May I ask what wisdom there is in killing or crippling in order to balance the Budget this year, the goose that lays the golden egg, the American taxpayer? Taxes are like sas-safras sprouts—they come back to see us every year. Every year is a tax year, and we had better be binding up the wounds of our taxpayers instead of injuring them, so they will be restored to financial health and stability and will be in position to contribute their just part of the tax burdens in the future years.

Why, my idea of constructive tax legislation at this time is such legislation as will help and not hurt the taxpayer. When a man is in the mire do not jump on his back and force him in deeper, rather hand him a rail and let him crawl out. What the taxpayer needs to-day is a rail.

The policy of this Congress so far has been to help—to hand the people in this country a rail to crawl out on. We passed the Reconstruction Finance act to give the railroads, banks, insurance companies, and farmers a rail to crawl out on. Well, since we have given them a rail should we not give them time and an opportunity to crawl out? If we pass this tax bill, we will, in effect, be jerking the rail from them before they have a chance to crawl out. Our remedial legislation will simply be idle gestures.

I plead with you to give the American taxpayer a square deal—a moratorium from additional taxes—until this depression, which is draining the very lifeblood out our people, is over.

Well, so much for the necessity for and wisdom of the course we have embarked upon.

If the necessity exists and wisdom dictates that we should balance the Budget, and balance it right now, then let's get together and agree upon a plan that will distribute the burden in the right way—in such a way that struggling industries and the poor will not be oppressed, and the burden will fall, as far as possible, upon those best able to bear it. Let us, for one thing, start right here in the House and reduce our salaries.

There are some features of the proposed tax bill that are, to say the least, undemocratic. Take the sales tax. To call it a sales tax is a misnomer. It should be called a consumers' tax, because the greater part of this tax, in my opinion, will be passed on to the consumer. Why,

under this provision in the bill we propose to raise \$595,000,000, practically one-half of the entire amount, and this half will be paid—90 per cent of it—by those who toil for a living and to-day are struggling for their very existence.

Why, under this provision in the bill our people will be taxed $2\frac{1}{4}$ per cent on practically everything they eat and on everything they wear, from the hat on their heads to the shoes on their feet. This tax, of course, will be saddled on the poor man, because the poor man spends for food and clothes practically all he makes, while it takes only a very small per cent of what the rich man makes to provide food and raiment. Then, this bill proposes to tax every farm implement, from binder to hoe, the farmer buys. Farmers, who are unable to pay the interest on their loans, who are not getting the cost of production out of what they raise, will be forced to pay additional tribute to the Harvester Trust.

Oh, but they tell us certain foods are exempt from the tax. Let us see. Yes; sugar, tea, coffee, cheese, bread, and eggs are exempt, and you can still milk old Boss without paying a tax, and can be just as reckless with salt as you please.

How about canned meats, fruits, and vegetables? Why, you have to pay a tax on every can you buy, and you know that most of our workingmen these days, especially in the small towns and cities, are living on canned goods.

Mr. McGUGIN. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. McGUGIN. Is it not a fact that most of the canned meat that is shipped into this country comes from South America?

Mr. FLANNAGAN. I am not advised as to that. I thought we canned a great deal of our meat in this country.

Yes; I forgot to say you can eat all the ham, sides, pig shoulders, and pig jowls you desire, provided they are not cooked or packed in air-tight containers.

Then they say this bill exempts schoolbooks, papers, and magazines, and the family Bible. Well, while you are not paying a tax on the schoolbooks, papers, and magazines, you do have to pay a tax on the paper on which they are printed; and when you get out the family Bible Sunday night, remember that you are paying a tax in order to serve the Lord. Yes; you are paying a tax on every leaf of paper in that holy book.

Then this sales tax applies to all industries, those making and losing money alike. Take the coal industry and the lumber industry for instance. These industries have been losing money for some years, and conditions in these two industries instead of improving are gradually growing worse. Due to the fierce competition in these two industries it will be impossible for either of them to pass the tax on to the middleman or consumer. As it is, most of our coal mines and our mills are closed, and I am afraid if you pass this sales tax it will close the remainder.

Another thing about this bill that certainly should be obnoxious to the Democrats is the $2\frac{1}{4}$ per cent tax on imports. Why, we Democrats have been going around denouncing the Hawley-Smoot tariff bill as being an outrage; as having destroyed our foreign trade; and I for one still denounce it. Well, what does this bill do? Why, it simply raises practically all the tariff schedules in the Hawley-Smoot tariff bill $2\frac{1}{4}$ per cent. Well, thank the Lord, we were considerate enough not to call it a tariff tax. Nevertheless, it is nothing more nor less than a tariff tax, call it what you please.

Another obnoxious provision in the bill is the admission tax of 10 per cent on all admissions of 25 cents and over to our movie shows. Why, a poor man on Saturday night if he wants to take his family to the movie and forget his troubles laughing at the antics of Will Rogers, Marie Dressler, Wallace Beery, and others, will have to pay a tax of 10 per cent per head.

Yes, the price, if this bill goes through, of a good laugh is 10 cents. You can no longer "pack up your troubles in your old kit bag and smile, smile, smile" without being taxed.

Then another obnoxious tax proposed in this bill is the gasoline tax of 1 cent per gallon. Oh, they tell you that this is only a tax on imported oil. Well, the bill makes it an import tax, but believe me, John D. will make it a consumers' tax.

I only wish I had time to go more into detail. My time will not permit.

In conclusion, permit me in answer to the plea that we should be big enough, broad enough, to put country above party, to say:

My ancestors on both sides of the house were among the small band of patriots who triumphed over the proud mistress of the sea and launched our country safely into national existence, and the blood of their progeny since then has been shed in every war in which our country has engaged. I do not claim for them that they have been great generals, but I do glory in the fact that they have ever manifested a willingness to shoulder arms and march to the beat of the drum in defense of country.

I do not claim that they have been great statesmen, but I do glory in the fact that they have been honest. God-fearing American citizens who have observed our laws, cherished our ideals, served God and their fellow man, and contributed their bit, though in a humble way, to the greatness of this Nation. I do not claim for them that they have not been partisans—men and women of strong convictions are all partisans. They were strong partisans in the days of the Revolution. They were strong partisans of the principles of democracy during the formative period of our Government, and I thank God that their partisanship to those principles upon which this Republic rests has not diminished with the passing of the years. One of the fundamental principles of democracy is that taxes, at best, are onerous and should be so levied as not to cripple industry or oppress the poor, and should be distributed in such a way that the burden will fall, as far as possible, upon those best able to pay.

That is the principle I am fighting for to-day, and in doing so I honestly believe I am serving not only my party but my country as well. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. SUTPHIN].

Mr. SUTPHIN. Mr. Chairman, this tax on imported oils hits groups of people in New Jersey and in my district who have difficulty meeting their financial obligations now, and who should not be asked to accept any further burdens; therefore I must oppose it. Among these groups are the farmers of my district. There are few, if any, farmers in New Jersey who do not use motorized equipment for almost everything they do. Farmers of New Jersey used 33,109,608 gallons of gasoline in the year 1930. A tax of 1 cent a gallon would increase the bill for this item alone \$331,096 a year. Farmers in my district can not stand this additional burden.

Another group in my district that would be affected by this tax is the "white-collar" worker. These people have worked and saved to acquire homes of their own and, in order to have cheap fuel, have installed oil-burning equipment for heating their houses. Many of them live so far from their places of business that they could not hope to get along without their automobiles. To add 1 cent tax to every gallon of fuel oil used in the oil-burning equipment of this group and 1 cent in addition to the State gasoline tax to every gallon of gasoline they use would make a demand upon them that they would not be able to meet. Many of them are now out of employment, most of them have had cuts in their salaries and are struggling to live through this period of depression. They are willing to do their share in bearing the additional expenses of the Government, but a forced increase in the price of these necessary fuels is burdening them with more than their share.

Another group of my constituents that would be greatly distressed to have an additional tax added to motor oils and gasoline is that group of stalwart men who earn their livelihood following the sea. All of them operate power boats in the pursuit of their trade—fishing—and consequently are

large users of motor oils and gasoline. I must protest against a tax being imposed which will materially cut into their already diminished profits. This past year has seen the price of edible fish drop to 1½ cents per pound—sea food in the luxury class, of which I will mention lobster as an example—which sold for 12 cents per pound, which is less than the fixed cost of production of this delicacy. These people must not be expected to bear additional burdens.

In addition to this, this is not a revenue-producing measure but is a prohibitive tariff that is being placed upon these prime necessities in order to satisfy the demands of certain midwestern producers. True, it will exclude imports, for it is a 70 per cent ad valorem tax on fuel oil and a 20 per cent tax on gasoline, but any benefits to be obtained from it will go to the big oil companies who now control at least 97 per cent of the total oil in storage. These companies have this supply of oil, equal to nearly 75 per cent of the total production in the United States in 1931, which they will be in a position to sell to the American farmer and householder and all operators of automotive equipment as soon as this measure becomes a law at exorbitant prices because of this tax. With this supply of oil already out of the ground and in wells already drilled and capped, it is easy to see that this measure will not bring in revenue that will help balance the Budget; on the other hand, at the end of the year larger dividends will be paid by the large oil companies, the Government will not be any better off, and my people and others throughout the country will have paid the bill.

We have been fighting for years to get a real American merchant marine. American ships are compelled to pay higher wages and have every disadvantage compared with foreign ships, with the one exception that they are able to obtain fuel oil at cheaper prices. To increase the price of fuel oil to American ships or to force them to go to foreign markets for it and pay the same prices as foreign ships will not bring additional revenue to the United States and will cause additional trouble for this already greatly troubled industry, and may aggravate the unemployment situation.

If, as the proponents of this bill contend, the effect will be to increase the price of fuel oil in the United States, the cost of this product to the United States Navy will be considerable. As a member of the Naval Affairs Committee of the House of Representatives, I am familiar with the amount of money we are spending for fuel oil, and our committee will not be able to do its share in the economy program if the cost of fuel oil in the United States is pushed up by this measure. I do not know what the Government's total gasoline bill amounts to in one year; but considering the Army and Navy airplanes and the great number of all types of motor cars used by the Postal and other departments, it would seem to me that an increase in the price of this fuel to the Government would more than offset any possible revenue that might be obtained from a tax on imported oil.

The road-building program of New Jersey calls for some additional asphalt roads. These roads are essential to every resident of my district. It was testified before the Ways and Means Committee that it requires 10 barrels of crude oil to manufacture 1 ton of asphalt. This tax would, therefore, raise the price of the asphalt for use on New Jersey roads by \$4.20 per ton and would cut our road-building program 15 to 20 per cent on the basis of the present appropriations. As a large part of the asphalt used in New Jersey road construction is made from foreign crude oil, no benefit from any such increase in cost would go to the mid-continent producers, and the added cost and cutting down of road building would cause a great hardship to my constituents.

It has been said that this is a tax sponsored by one branch of the oil industry competing with another. If that were true, I would have no particular interest in it, but it is a tax for the benefit of the big oil companies who are fighting as always against the little consumer—the plain people. I therefore repeat that I must oppose this measure.

Mr. HILL of Washington. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I have made at least 100 Democratic speeches against a sales tax. I am in favor of balancing the Budget and I am going to help balance it, but I am not going to vote for that pernicious and unjust tax until I am convinced that there is no other way of raising the necessary revenue.

I am for the tax that has been put on foreign oil and gasoline. Our Democracy has always been in favor of such a tax for revenue. That will put back to work in Oklahoma and Texas alone probably 100,000 men whose backs, through putting the independents out of business, have been against the wall for some time.

I am unalterably opposed to placing any tax upon picture-show tickets. The poor of the United States have just as much right to attend a good picture show as the rich. The rich can pay any tax you put on them. If you were to put a tax of \$100 on a certain picture which the rich wanted to see, they would pay it without hesitation and it would mean nothing to them. But the poor have the same right to enjoy such pleasures as the rich, and I am against taking that inherent right away from them. And such a tax would probably put good picture shows out of business except in large cities.

They say you must levy a sales tax in order to raise the necessary revenue to balance the Budget. They have not convinced me of that yet.

I want to ask my good friend a question—and I commend the gentleman from Georgia [Mr. CRISP]. There is no man in the United States for whom I have a higher regard, greater respect, or more affection. He is one of the splendid, outstanding Democrats of the Nation. But I want to ask him and his committee why it is they have not taken proper steps to take away this exemption from the income on tax-exempt securities? It permits many millionaires to escape all taxes.

Mr. CRISP. Does my friend desire an answer?

Mr. BLANTON. Yes.

Mr. CRISP. We can not do it under the Constitution. Several years ago I made a speech on the floor suggesting a constitutional amendment to that effect.

Mr. BLANTON. Why do we not start such a constitutional amendment on its way to the legislatures of the States? It would be passed immediately by this Congress and would be ratified immediately by the States.

Mr. CRISP. I have advocated that.

Mr. BLANTON. But no such proposal has been brought before us. You have to take that exemption off of the income of tax-exempt securities. It must be done. The multimillionaires everywhere every year are escaping all taxation year after year by reason of holding tax-exempt securities.

I also want my friends on the committee to tell me why they have not adopted the splendid suggestion that has been made to put a tax of at least 1 per cent on every sale that is made on every stock exchange in this Nation. Why do they not do it? It would bring in at least \$600,000,000 revenue a year, and maybe more. What is it that keeps us from putting a 1 per cent tax on the gamblers of the country, who are more responsible for all the banks that have broken and all of the people that have been left destitute by reason of the breakage of the banks than any other cause on earth? [Applause.] Are we afraid of these stock exchanges? What is there about these infamous gamblers on Wall Street that we have got to let them go? You are not going to find me voting any sales tax on the backs of the poor people of my country until you put a 1 per cent tax on every sale of stock on every gambling exchange in the United States. I am going to offer an amendment to do that very thing if it is not offered by a member of the committee.

I wonder if the committee is going to vote against such an amendment. I wonder why they do not propose it themselves. Is there anything sacrosanct about this stock exchange? We fellows who, in our younger days, have played

poker—I played poker when I was a college boy and have played some since, but it has been 20 years ago—we know something about sitting around the table, and what do gamblers care about what the “kitty” takes out? Has any gambler ever complained because the “kitty” took something out?

You can tax and take out this 1 per cent of the sales on these gambling exchanges, and that is only what the “kitty” is taking out, and what do they care about it? The gambling will go on just the same. It will not stop the sale of a single share of stock. There will be just as many sales made, and it will not hurt the gambling. If you’re just trying to protect these gamblers, it would not hurt them, and the Government would get about \$600,000,000 a year more revenue, or what it needs to balance the Budget, without putting this tremendous sales tax burden upon the shoulders of our poor people all over the United States.

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. For a pertinent question; yes.

Mr. GOSS. I am wondering if the gentleman can not get that \$600,000,000 by joining us in trying to put a tax on beer.

Mr. BLANTON. Oh, that is the silliest proposition I have ever heard a sworn Representative make.

Mr. GOSS. The gentleman wants to raise it?

Mr. BLANTON. A man who is sworn to uphold the Constitution of the United States who will make a proposal like that to another man who is under oath to uphold it is insulting.

Mr. GOSS. If you were going to put in an amendment to change the Constitution, would you not include that?

Mr. BLANTON. You want first lawfully to change the Constitution before proposing to unlawfully undo the Constitution by nullification.

Mr. GOSS. I hope the gentleman will join us in doing that Monday.

Mr. BLANTON. I do not yield further, because that is so silly that I can not permit my time to be thus wasted, but I will let somebody else who is wet answer the gentleman. I am going to let the most distinguished wet in the Nation answer that, the wet who was so distinguished for his wetness that even your wet President put him on his Wickersham Commission, Mr. Monte Lemann, of Louisiana. Does anyone here say he is not a distinguished wet? What did he say about it? He said in his signed Wickersham report that he was against this silly idea of trying to manufacture and sell beer. He said if the beer were not intoxicating you could not drink enough to satisfy you, and if it were intoxicating it would be against the Constitution; and he was not under oath, like my friend, to obey and uphold it, but thank God, he was the kind of a fundamental wet that believed in the organic law of his Nation. I am with Mr. Monte Lemann in that splendid spirit of cooperation with his Government's Constitution, and I can not follow my good friend who is proposing for us sworn Representatives to violate the Constitution, the fundamental law of the Nation.

Any lawyer who is not warped in his opinion on this subject knows that if you were to pass a law like that the Supreme Court of the United States would tear the guts out of your law and declare it unconstitutional. Do you not know that? Then why do you want to propose a futile thing, a ridiculous thing, an insulting, illegal thing to the Congress of the United States?

In conclusion, Mr. Chairman, I hope that every dry in this Nation, I hope that every man here who remembers the teachings of his good mother, around whose knee he has knelt when a boy, next Monday, March 14, will be here when the question comes up on voting to discharge the Judiciary Committee, and I hope to God he will stand up and vote with other dries like a solid phalanx to kill this proposition as dead as Hector on the first vote. That vote to discharge the Judiciary Committee will be a decisive one. All who vote for the Linthicum-Beck resolution will vote a “wet” vote and will thereafter be classed as wets. All dries will vote against it.

Why, down where I live, close to the Mexican border, during certain seasons of the year rattlesnakes migrate out of Mexico because of some climatic condition.

They come across the border, some of them as big as my arm, the most deadly reptile known to civilization. When they are coming through Texas, do you think we Texans who are out hunting take a second shot at them? No; we kill them the first shot we take at them, and that is what we dries want to do with your Beck-Linthicum amendment next Monday. We want to kill it as dead as hell on the first shot, because it is far more venomous and dangerous than a rattlesnake.

Mr. BLACK. Will the gentleman yield? How many snakes do they see at once down there? [Laughter.]

Mr. BLANTON. Mr. Chairman, that is such a pertinent question from a New York wet that I am going to answer it. You know every wet in the United States has seen snakes, not the kind of rattlesnakes I have mentioned, but the kind that comes from alcohol, the delirium tremens snakes—the imaginary snakes. You can not kill them by shooting at them. The only way on earth you can kill them is by quitting alcohol altogether and going to a Keeley Institute and getting rid of your delirium tremens.

Mr. BLACK. What Keeley Institute does the gentleman use?

Mr. BLANTON. Since prohibition went into effect, I want you to know that over 100 Keeley Institutes all over the United States have closed up. There is now only one left in the United States, and it is the old parent Keeley Institute. All the rest have closed up, because there is now no need for them. It is hard for you wet fellows now to get enough to make you see snakes. [Laughter and applause.]

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10236 and had come to no resolution thereon.

PROHIBITION—ITS SOLUTION POSSIBLE THROUGH THE ADOPTION OF H. J. RES. 208

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on prohibition and its solution, possible through the adoption of H. J. Res. 208.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LAMNECK. Mr. Speaker, I am heartily in favor of the proposal to be voted upon on Monday of next week, looking to a reasonable, safe, sane, fair, and just solution of the mooted question of nation-wide prohibition.

This resolution, if adopted by the House, ratified by the Senate, and approved by the separate States, would so liberalize the eighteenth amendment as to permit the manufacture and sale of intoxicating beverages in those States where public sentiment would justify it and not impose it upon the States that are unfavorable to a change. In other words, as I understand it, it would restore State rights in this matter. More than that, it would restore to the people a voice in the conduct of their own affairs.

Under this proposed method, nothing would be forced upon anyone against his will. The States that want liquor could have it and those that do not want it would not have to have it. That, it seems to me, is a perfectly fair proposition, one that should satisfy both classes and not do violence to either.

No one is more conscious of the sweeping tide from dry to wet than dry leaders themselves. There is no question as to the attitude of the people upon this subject. It is so well defined that personally I feel that it is incumbent upon me to vote for the resolution in order to conform my conduct to the will of the people. In my judgment, the same obligation rests upon you if we are to have representative Government, which implies the democracy of which we boast.

But two States—Rhode Island and Connecticut—withheld ratification of the eighteenth amendment. The Literary Digest poll indicates at this time that all but two of the 48 States would vote for its repeal. This change in public sentiment is amazing, and yet not surprising, in view of the conditions that have grown up under prohibition. It is a natural result of existing conditions, both intolerable and damnable, and intolerable because they are damnable.

What was promised under prohibition? It was said it would be a panacea for all our ills; that it would reduce crime and empty the jails; improve the morals of the people; save the youth of the country from drunkards' graves; give an added impetus to business; benefit labor; help the farmer; improve our economic conditions; make happier homes; men more honest and respectable and, finally, bring a peace and contentment that would be sublime.

What has it done? Increased crime and filled the jails; lowered the standards of morality; contributed in a large measure to our present deplorable economic situation; caused more domestic infelicity in the home than all the bridge games that were ever played; produced an army of bootleggers and racketeers; made conditions worse for labor, and denied to the farmers of the country markets that formerly existed for the products of the farm.

I think you will agree with me that prohibition has done all of this and more. I want to ask you in all seriousness and in all fairness, whether, in your judgment, it has brought peace, happiness, and contentment to the American people? It was a menace to the sanctity of American homes until an aroused public sentiment called a halt on the invasion of private homes upon the suspicion that a half-pint of liquor might be hidden thereabouts. The Jones five-ten law added to the unpopularity of nation-wide prohibition.

Prohibition is an infringement upon the rights and personal liberty of the individual. It is a violation of the rights reserved to the States under the Constitution, which should be restored.

Prohibition is not a moral issue. It is not a political issue. In answer to the claim that it is a moral issue, I want to refer you to the conditions that exist in your respective communities. You know what they are and you know what the sentiment of the people in your respective localities is.

In answer to the claim of some that it is a political issue, I want to remind you of a statement made by Senator Fess, more than a year ago, who said it is not such. He is the chairman of the National Republican Committee and the spokesman for President Hoover, upon most public questions, at least.

Prohibition is not a moral issue. It is purely an economic problem. It has been in force 12 years, and has cost the people of the country \$24,000,000,000 in that short period of time, and yet, how long it seems!

How is that, you ask? Here is the answer: The moneys appropriated by the Federal Government and the separate States to enforce prohibition is estimated at \$1,000,000,000. The loss in revenue that would have been derived from the tax upon intoxicating liquors would exceed a billion dollars. Adding the two together, the cost has been \$2,000,000,000 per year. Multiply that by 12 and you have the answer as to the ill effect of nation-wide prohibition upon our economic situation.

What a vast sum of money! If we could have saved the money wasted on prohibition enforcement and hoarded away that which would have been derived from taxes, we would now be financially able to care for existing deficits, pay off the national debt, give the ex-service man the bonus in full, feed the hungry, relieve the farmers, and do all the things necessary to put ourselves upon a solid footing and bring about a prosperity that would abide.

In conclusion, I want to say that this resolution should be adopted. The people should be given a choice in the control of their own affairs. Such action on the part of Congress would give them that opportunity. The people can be trusted to preserve and protect their own rights. Notwithstanding the present depression which is holding us back and holding us down, this could be made a greater

country, if we were to legislate in the interests of the people, keeping in mind that all men are created equal, with equal rights and equal opportunities.

Adoption of this resolution would be responsive to the overwhelming sentiment of the people on this question. The eighteenth amendment was written into the Constitution without any direct expression from the people.

I trust that when the vote is taken that all Members of the House will have the courage to perform their duty from the standpoint of the public welfare and the happiness and contentment of the people by relieving present intolerable conditions, socially, politically, and economically. Why not adopt the resolution, refer the whole matter to the people, and thus end the dissension in American homes and contentions in shop, factory, and office?

PUTTING THE LIQUOR QUESTION BACK IN POLITICS

Mr. BLANTON. Mr. Speaker, in accord with the unanimous consent granted me by the House of Representatives to extend my remarks in the Record by incorporating the speech made over the radio last night by our distinguished colleague from Kentucky [Mr. FINLEY], I now print in the Record his said speech, as follows:

The Beck-Linthicum resolution proposes to submit to the States an amendment to the Constitution of the United States. It was introduced in the House of Representatives some time ago and referred to the Committee on the Judiciary. That committee, consisting of 23 members, after duly considering the resolution, refused, by a vote of 14 to 9, to report it back to the House. Then, operating under a new rule of the House, advocates of the measure procured signatures of 145 Members to a petition asking that the committee be discharged from its consideration. The House will vote on whether or not the committee shall be discharged on next Monday, March 14. If the House should vote to discharge the committee, the resolution will come up for consideration later on. But should the House refuse to discharge the committee, the resolution will be dead for this session.

The most ardent supporters of the resolution expect nothing but defeat on March 14. Their only declared purpose in bringing the resolution forward is to compel Members to go on record as wets and dries.

The preamble of the Beck-Linthicum resolution begins as follows: "Resolved . . . That the following article is proposed as an amendment to the eighteenth amendment of the Constitution of the United States."

Fairly and honestly stated it would read: "Resolved . . . That the following article is proposed to repeal and abolish the eighteenth amendment of the Constitution of the United States and put the liquor problem back into the politics of each State, county, city, and community in this country."

For that would be the effect of the resolution, should it be adopted.

The resolution proposes a new departure in the way of ratification. The 19 amendments already adopted were submitted to and ratified by the legislatures of the several States. And that would seem the logical method, inasmuch as the legislatures are empowered to deal, and are in duty bound to deal, with every problem which affects the citizens of their several States.

But this resolution provides that the amendment it proposes shall not be ratified by legislatures but by conventions chosen for that purpose in the several States.

Why by conventions instead of by legislatures? Would the swollen incomes of malefactors of great wealth find broader scope and opportunity in elections of members of those conventions? Would members of conventions, few of whom would have future political ambitions, be more sweetly reasonable with the trained liquor lobbyist than members of a legislature, most of whom aspire to higher places?

What authority must call those conventions? What authority must call and hold the elections of their members? Each one of those elections and conventions would cost at least \$100,000. Who must bear that expense? Must it be the States, most of which are already overwhelmingly in debt and many of them on the verge of bankruptcy? Or must it be the Federal Government, which faces a deficit of two thousand millions of dollars on July 1?

The Beck-Linthicum resolution answers none of those questions. It cheerfully abandons them on the doorstep of the citizen and taxpayer.

A part of the Beck-Linthicum amendment is as follows: "The Congress shall have power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, and the exportation thereof from, the United States and all Territory subject to its jurisdiction, for beverage purposes: *Provided, however,* That such power shall not be construed or applied to abridge or deny the right of any State to authorize and regulate the manufacture, sale, transportation, or use of such intoxicating liquors wholly within the borders of such State."

Under the eighteenth amendment neither Congress nor any State legislature has power to legislate upon the liquor question except to enact statutes for its enforcement.

Thus the eighteenth amendment banished from every State capital the liquor lobby which, before its adoption, swooped down upon each session of their legislatures. The question of the repeal or retention of the eighteenth amendment is the only phase of the liquor question now in politics; and that is in national not State politics. Congress is the only legislative body whose Members are disturbed. Members of State legislatures can devote themselves to the problems of their States untroubled by questions of high license, low license, no license, local option, State-wide option, or any other phase of the liquor question.

But what would be the result should the Beck-Linthicum amendment be adopted by the States?

I answer that legally that would put the liquor question just where it was before the eighteenth amendment was adopted. It would remit control of a national evil to the several States through their legislatures, with this difference, that States and communities which might wish to be dry would find it impossible, because of the highways, automobiles, and airplanes which we now have, but which did not then exist.

Advocates of the Beck-Linthicum amendment talk loudly and constantly of home rule for the liquor traffic. But when did the liquor traffic ever practice home rule? When did it ever respect the will of any community if that community wished to be dry? When did it ever observe or respect State, county, or community lines in finding a market for its wares?

With the number of highways, automobiles, and airplanes now in the United States no dry county or State could protect itself against the wet centers should the Beck-Linthicum amendment be adopted. The whole country would be wet.

Furthermore, no dry State or county could expect help from Uncle Sam to protect the integrity of its territory. For while the Beck-Linthicum amendment makes a gesture (and it is only a gesture) by providing that "any such shipment or importation of intoxicating liquors into such (dry) State in violation of its laws is prohibited," it goes further and provides that "any such shipment or importation shall be subject to the laws of the State upon its arrival therein." In other words, if a would-be dry State does not bankrupt itself to provide constabulary to defend itself, Uncle Sam will look serenely on while it is being invaded and debauched.

Politically, the situation would be even worse.

For adoption of the Beck-Linthicum amendment would put the liquor problem back into the politics of every State, there to stay for a generation. Washington would be the storm center. The liquor lobby would intrench itself here and attempt, by influencing Senators and Congressmen, to wield influence in the States from which they come. From here they would carry the fight to every State capital and every legislature in the Nation. In States which might adopt a license system the fight would be waged in every county, city, and community.

I know, of course, that some wet advocates protest that the old-time saloon will never return. I must smile when I hear men whose liquor business was the cause of whatever sins the saloon was guilty of, make it the scapegoat for all the crimes of the traffic.

But who says the saloon will never return? Who in authority makes such a pledge? Who offers surety or gives bond that it will not? I say that just so surely as the eighteenth amendment is repealed, just so surely will the saloon reappear—not only reappear but reappear glorified.

For the saloon is as essential a part of a profitable liquor business as retail stores are of any other wholesale business. And liquor makers and sellers are in the business for profit—nothing else.

Besides that, the saloon, with its connected assignation house, gambling rooms, etc., etc., was, and would have to be, the recruiting station and rallying place for those forces the liquor traffic must depend on to keep it alive.

Let me give you a picture of political conditions in this country, and the activities of the liquor interests under State control shortly before the eighteenth amendment was adopted.

On September 19, 1918, the United States Senate unanimously adopted a resolution (No. 307) to investigate brewery and liquor activities and interests and German propaganda. The investigation was conducted by a subcommittee of the Senate Committee on the Judiciary. That subcommittee held long and exhaustive hearings. The testimony delivered before it covers more than 3,000 pages. When it had completed these hearings it summarized its findings as follows:

"With regard to the conduct and activities of the brewing and liquor interests the committee is of the opinion that the record clearly establishes the following facts:

"(a) That they have furnished large sums of money for the purpose of secretly controlling newspapers and periodicals.

"(b) That they have undertaken to, and have frequently succeeded in, controlling primaries, elections, and political organizations.

"(c) That they have contributed enormous sums of money to political campaigns in violation of the Federal statutes and the statutes of the several States.

"(d) That they have exacted pledges from candidates for public office prior to election.

"(e) That for the purpose of influencing public opinion they have attempted, and have partly succeeded in, subsidizing the public press.

"(f) That, to suppress and coerce persons hostile to, and to compel support from them, they have resorted to an extensive system of boycotting unfriendly American manufacturers and mercantile concerns.

"(g) That they have created their own political organizations in many States and in smaller political units, for the purpose of carrying into effect their own political will, and have financed the same with large contributions and assessments.

"(h) That with a view of using it for their own political purposes they contributed large sums of money to the German-American Alliance, many of the members of which were disloyal and unpatriotic.

"(i) That they organized clubs, leagues, and corporations of various kinds for the purpose of secretly carrying on their political activities without having their activities known to the public.

"(j) That they improperly treated the funds expended for political purposes as a proper expenditure of their business, and consequently failed to return the same for taxation under the revenue laws of the United States.

"(k) That they undertook, through a cunningly conceived plan of advertising and subsidization, to control and dominate the foreign-language press of the United States.

"(l) That they have subsidized authors of recognized standing in literary circles to write articles of their selection for many standard periodicals.

"(m) That for many years a working agreement existed between the brewing and distilling interests of the country by the terms of which the brewing interests contributed two-thirds and the distilling interests one-third of the political expenditures made by the joint interests."

Those were the conditions prevailing under State control of the liquor problem. That was what the liquor interests were doing in 1918, while our boys were bleeding on foreign battlefields and our country was bankrupting itself to win a great war.

Those were the conditions from which the eighteenth amendment delivered us. Those are the conditions back into which the Beck-Linthicum amendment would plunge us should it ever be adopted, which God forbid.

Wet propagandists have talked long and noisily about prohibition having been "put over" by somebody. I undertake to say that the disclosures made by that subcommittee of the United States Senate more than any other thing are what wrote the Eighteenth amendment into the Constitution of the United States and will keep it there.

CONTESTED-ELECTION CASE—KUNZ AGAINST GRANATA

Mr. KERR. Mr. Speaker, by direction of the Committee on Elections, I present the report on the contested-election case of Kunz against Granata.

The SPEAKER. The Clerk will read the title.

The Clerk read as follows:

Report of contested-election case—Stanley H. Kunz against Peter C. Granata.

The report was referred to the House Calendar and ordered printed.

Mr. CHINDBLOM. May I ask the gentleman whether the minority has filed its report?

Mr. KERR. It has not.

Mr. CHINDBLOM. I understood there was to be a minority report. Has there been any arrangement about filing it?

Mr. KERR. I understand the report may be filed on Monday.

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent that the minority have the right to file the report by midnight Monday.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ROGERS (at the request of Mr. WASON), on account of illness.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 375. An act amending the public building act approved March 4, 1931, authorizing acquisition of building sites and construction of public buildings at Hibbing, Minn., and other places;

H. R. 3703. An act granting compensation to Harriet M. MacDonald;

H. R. 6739. An act to amend the authorization contained in the act of Congress approved March 4, 1929, for the acquisition of site and construction of building in Jackson, Miss.; and

H. R. 7899. An act to authorize the Secretary of the Treasury to negotiate and to enter into an agreement regarding the south boundary of the post-office site at Plattsburg, N. Y.

ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 36 minutes p. m.) the House adjourned until to-morrow, Saturday, March 12, 1932, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POUL: Committee on Rules. H. Res. 172. A resolution providing for the consideration of House Concurrent Resolution 26, a concurrent resolution to establish a commission to be known as the United States Roanoke Colony Commission to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C.; without amendment (Rept. No. 765). Referred to the House Calendar.

Mr. LOOFBOUROW: Committee on Indian Affairs. H. R. 10362. A bill to require the approval of the general council of the Seminole Tribe or Nation in case of the disposal of any tribal land; without amendment (Rept. No. 766). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 8754. A bill to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes; with amendment (Rept. No. 767). Referred to the House Calendar.

Mr. KERR: Committee on Elections No. 3. A report on the contested election case of Stanley H. Kunz v. Peter C. Granata, from the eighth congressional district of the State of Illinois; (Rept. No. 778). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. S. 159. An act for the relief of R. B. Miller; without amendment (Rept. No. 768). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 250. An act authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co.; without amendment (Rept. No. 769). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 253. An act authorizing adjustment of the claim of Francis B. Kennedy; without amendment (Rept. No. 770). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 971. An act for the relief of Milburn Knapp; without amendment (Rept. No. 771). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1338. An act for the relief of Germaine M. Finley; without amendment (Rept. No. 772). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1436. An act for the relief of the Copper Ridge Mining Co.; without amendment (Rept. No. 773). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 3119. An act for the relief of J. D. Stewart; without amendment (Rept. No. 774). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 3538. An act for the relief of Nellie McMullen; without amendment (Rept. No. 775). Referred to the Committee of the Whole House.

Mr. MARTIN of Oregon: Committee on War Claims. H. R. 2214. A bill for the relief of the Charlestown Sand & Stone

Co., of Elkton, Md.; without amendment (Rept. No. 776). Referred to the Committee of the Whole House.

Mr. CARTWRIGHT: Committee on War Claims. H. R. 6219. A bill for the relief of Charles P. Shipley Saddlery & Mercantile Co.; with amendment (Rept. No. 777). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on World War Veterans' Legislation was discharged from the consideration of the bill (H. R. 7989) extending the benefits of the emergency officers retirement act to Wolcott Le Clear Beard, and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MARTIN of Oregon: A bill (H. R. 10418) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; to the Committee on the Judiciary.

By Mr. HOWARD: A bill (H. R. 10419) to permit relinquishments and reconveyances of privately owned and State school lands for the benefit of the Indians of the Acoma Pueblo, N. Mex.; to the Committee on Indian Affairs.

By Mr. JEFFERS: A bill (H. R. 10420) to give veterans of war service in Spanish War and World War preference in the Government and District of Columbia civil service; to the Committee on the Civil Service.

By Mr. CONNERY: A bill (H. R. 10421) to amend the provisions in section 1 of the river and harbor act approved July 3, 1930, relating to Lynn Harbor, Mass.; to the Committee on Rivers and Harbors.

By Mr. HALL of Mississippi: A bill (H. R. 10422) granting pensions to former members of World War draft boards who are 55 years or more of age and are totally and permanently disabled; to the Committee on Pensions.

Also, a bill (H. R. 10423) to amend the civil service retirement act of 1930 to grant annuities to certain former postmasters separated from the service prior to July 1, 1926; to the Committee on the Civil Service.

By Mr. STRONG of Kansas: A bill (H. R. 10424) to extend mining rights and mining privileges given by the laws of the United States to the Panama Canal Zone; to the Committee on Interstate and Foreign Commerce.

By Mr. MEAD: A bill (H. R. 10425) relative to assumption of risks of employment; to the Committee on the Judiciary.

By Mr. POUL: Resolution (H. Res. 172) providing for the consideration of House Concurrent Resolution 26, a concurrent resolution to establish a commission to be known as the United States Roanoke Colony Commission, to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C.; to the Committee on Rules.

By Mr. HADLEY: Joint resolution (H. J. Res. 327) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. LEHLBACH: Joint resolution (H. J. Res. 328) authorizing the United States Shipping Board to extend, rearrange, or hold in abeyance payments due the construction loan fund under certain conditions; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mrs. ROGERS: Joint Resolution (H. J. Res. 329) to provide for teaching the Florence Barnard plan in the public-school system of the District of Columbia; to the Committee on the District of Columbia.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 10426) granting an increase of pension to Martha J. Milton; to the Committee on Invalid Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 10427) granting an increase of pension to Anna Hinton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10428) granting an increase of pension to Margaret A. Newton; to the Committee on Invalid Pensions.

By Mr. CARTER of Wyoming: A bill (H. R. 10429) for the relief of Leonard T. Skelcher; to the Committee on Claims.

Also, a bill (H. R. 10430) for the relief of Green River, Wyo.; to the Committee on Claims.

Also, a bill (H. R. 10431) for the relief of Rock Springs, Wyo.; to the Committee on Claims.

By Mr. CRAWL: A bill (H. R. 10432) for the relief of Herbert E. Raynes; to the Committee on Naval Affairs.

By Mr. EVANS of California: A bill (H. R. 10433) granting a pension to Winifred E. Lloyd; to the Committee on Pensions.

By Mr. GIBSON: A bill (H. R. 10434) granting an increase of pension to Harriet R. Ripley; to the Committee on Invalid Pensions.

By Mr. HARDY: A bill (H. R. 10435) granting a pension to Clara E. Stanton; to the Committee on Pensions.

By Mr. HOOPER: A bill (H. R. 10436) for the relief of Jacob Betzer; to the Committee on Military Affairs.

By Mr. HERR: A bill (H. R. 10437) for the relief of Charles Miller; to the Committee on Military Affairs.

By Mr. LAMBETH: A bill (H. R. 10438) for the relief of Lawrence Brady, H. R. Phillips, and M. G. Brady; to the Committee on Claims.

By Mr. MAPES: A bill (H. R. 10439) for the relief of Harold L. Mourer; to the Committee on War Claims.

By Mr. MAY: A bill (H. R. 10440) granting a pension to Chester Cornett; to the Committee on Pensions.

Also, a bill (H. R. 10441) granting a pension to Hobart Estep; to the Committee on Pensions.

By Mr. SHANNON: A bill (H. R. 10442) granting a pension to Jesse E. Lampkin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10443) granting a pension to George W. Wormington; to the Committee on Pensions.

Also, a bill (H. R. 10444) for the relief of George W. Wormington; to the Committee on Military Affairs.

By Mr. STRONG of Pennsylvania: A bill (H. R. 10445) granting an increase of pension to Susan Hanna; to the Committee on Invalid Pensions.

By Mr. SUMMERS of Washington: A bill (H. R. 10446) granting a pension to Asa Overby; to the Committee on Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 10447) granting a pension to Maggie Allen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10448) for the relief of Richard H. Hall; to the Committee on Military Affairs.

Also, a bill (H. R. 10449) granting a pension to James G. Bailey; to the Committee on Pensions.

Also, a bill (H. R. 10450) granting a pension to William Bolinger; to the Committee on Pensions.

Also, a bill (H. R. 10451) granting a pension to William M. Brock; to the Committee on Pensions.

Also, a bill (H. R. 10452) granting a pension to W. F. Moffett; to the Committee on Pensions.

Also, a bill (H. R. 10453) granting a pension to William M. Pickens; to the Committee on Pensions.

Also, a bill (H. R. 10454) granting a pension to Benjamin M. Casteel; to the Committee on Pensions.

By Mr. TILSON: A bill (H. R. 10455) for the relief of Michael Petrucelli; to the Committee on Claims.

By Mr. WEAVER: A bill (H. R. 10456) for the relief of Flora R. Silverman; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4092. By Mr. ANDREWS of New York: Petition of 97 citizens of the fortieth congressional district, urging support of the prohibition law; to the Committee on the Judiciary.

4093. By Mr. ARNOLD: Petition of citizens of Trenton, Ill., advocating legislation to regulate prices in connection with the operation of chain stores, and to prevent unfair competition in business; to the Committee on Ways and Means.

4094. By Mr. AYRES: Petition of membership of the Methodist Episcopal Church of Conway Springs, and the Woman's Christian Temperance Union, Study Club, and missionary societies of Clearwater, Kans., urging support of the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4095. By Mr. BARBOUR: Petition of residents of the seventh congressional district of California, protesting against resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4096. Also, petition of residents of the seventh congressional district of California, protesting against Senate bill 1202 and House bill 8092 providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4097. By Mr. BEAM: Resolution adopted by the American Hotel Association of the United States, through its executive council in session at Chicago, Ill., on the prohibition question; to the Committee on the Judiciary.

4098. Also, resolution by Group No. 208 of the Polish National Alliance of the United States, favoring the enactment of House Joint Resolution 144, directing the President to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4099. By Mr. BUCKBEE: Petition of Group No. 2197 of the Polish National Alliance of the United States, Magnolia Street, Rockford, Ill., asking that Congress enact House Joint Resolution 144, directing the President to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4100. By Mr. CONNERY: Petition of veterans and citizens of New Haven, Conn.; Akron, Ohio; and the National Soldiers' Home in Toledo, Ohio, favoring the immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4101. Also, petition of adult residents of Lynn, Mass., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4102. By Mr. CRAWL: Petition of several citizens of Los Angeles County, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4103. By Mr. EVANS of California: Petition signed by approximately 61 persons, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4104. Also, petition signed by approximately 19 persons, urging the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

4105. By Mr. FULLER: Petition of W. T. Fletcher and 25 others, of Rogers, Ark., protesting against House bill 8072, requiring the observance of Sunday regardless of religious beliefs; to the Committee on the District of Columbia.

4106. By Mr. GARBER: Petition of the Richmond (Va.) Chamber of Commerce, urging support of proposed legislation to allow lighter-than-air craft to carry mail; to the Committee on Interstate and Foreign Commerce.

4107. Also, petition of the North Central Division, Marine Corps League, comprising the States of Missouri, Kansas, Nebraska, Colorado, South Dakota, North Dakota, Minnesota, Iowa, Arkansas, and Oklahoma, urging payment of the adjusted-compensation certificates in full; to the Committee on Ways and Means.

4108. Also, petition of substitute letter carriers of the Louisville, Ky., post office, urging support of House bill 6183 providing for the appointment of substitute letter carriers and substitute postal clerks to regular position after one year's service as substitutes; to the Committee on the Post Office and Post Roads.

4109. By Mr. GIBSON: Petition of Mrs. A. W. Cottle and 131 other residents of Brandon, Vt., opposing resubmission of the eighteenth amendment by referendum to the States; to the Committee on the Judiciary.

4110. By Mr. HOPKINS: Petition presented by Rev. E. K. Lambert, of Maryville, and representing over 1,200 citizens, and the First Methodist Episcopal Church, the morning congregation of the First Christian Church, the First Baptist Church, and the First Presbyterian Church of Maryville, all of the State of Missouri, protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

4111. By Mr. JOHNSON of Texas: Petition of 182 citizens of Hill County, Tex., commending the Federal farm marketing act, and opposing repeal or modification thereof, and also commending Federal Farm Board; to the Committee on Agriculture.

4112. Also, petition of 155 citizens of Navarro County, Tex., commending the Federal farm marketing act, and opposing repeal or modification thereof, and also commending the Federal Farm Board; to the Committee on Agriculture.

4113. Also, petition of 23 citizens of Robertson County, Tex., commending the Federal farm marketing act, and opposing repeal or modification thereof, and also commending the Federal Farm Board; to the Committee on Agriculture.

4114. Also, petition of 79 citizens of Limestone County, Tex., commending the Federal farm marketing act, and opposing repeal or modification thereof, and also commending the Federal Farm Board; to the Committee on Agriculture.

4115. Also, petition of 113 citizens of Milam County, Tex., commending the Federal farm marketing act, and opposing repeal or modification thereof, and also commending the Federal farm board; to the Committee on Agriculture.

4116. Also, petition of L. B. Roberts, of Itasca, Tex., protesting against reduction of appropriations for the Federal Farm Board; to the Committee on Appropriations.

4117. Also, petition of J. E. Byer, secretary Local No. 2839, Rockdale, Tex., favoring House bill 6305, to the Committee on the Post Office and Post Roads.

4118. Also, petition of M. W. Holloway, of Streetman, and George W. Kilpatrick, of Gause, Tex., favoring immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

4119. By Mr. LAMBERTSON: Petition of Mrs. J. L. Coleman and 59 other persons of Oneida, Kans., urging the maintenance and enforcement of the prohibition law, and opposing any measure of repeal, modification, or resubmission of the States; to the Committee on the Judiciary.

4120. By Mr. LINDSAY: Petition of Connell Press, Brooklyn, N. Y., favoring the passage of the Romjue bill (H. R. 8576); to the Committee on Ways and Means.

4121. Also, petition of Owens Evans Co. (Inc.), 207 East Twenty-seventh Street, New York City, favoring the passage of the Goss bill (H. R. 4680); to the Committee on Expenditures in the Executive Departments.

4122. Also, petition of Shoe and Slipper Workers' Union of America, 233 Duffield Street, Brooklyn, N. Y., favoring the passage of the Norris anti-injunction bill; to the Committee on the Judiciary.

4123. Also, petition of Central Trades and Labor Council of Greater New York and vicinity, favoring the passage of the LaGuardia-Norris relief bill; to the Committee on the Judiciary.

4124. Also, petition of New York Photo-Engravers Union, No. 1, New York City, favoring the passage of the Norris-LaGuardia injunction relief bill; to the Committee on the Judiciary.

4125. By Mr. McFADDEN: Petition of Mabel Davis and other members of the Woman's Christian Temperance Union of Susquehanna, Pa.; to the Committee on the Judiciary.

4126. By Mr. MANSFIELD: Petition of farmers of Wharton County, Tex., favoring retention of the agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4127. Also, petition of farmers of Colorado County, Tex., favoring the retention of the agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4128. Also, petition of farmers of Refugio County, Tex., favoring retention of the agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4129. Also, petition of farmers of Hallettsville, Tex., favoring retention of the agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4130. Also, petition of farmers of El Campo, Tex., favoring retention of agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4131. Also, petition of farmers of Brazoria County, Tex., favoring retention of agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4132. Also, petition of farmers of Goliad, Tex., favoring retention of agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4133. Also, petition of farmers of Yorktown, Tex., favoring retention of agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4134. Also, petition of farmers of Victoria County, Tex., favoring retention of agricultural marketing act and the Federal Farm Board; to the Committee on Agriculture.

4135. By Mr. MEAD: Petition of American Hotel Association of the United States and Canada, urging modification of the prohibition law; to the Committee on the Judiciary.

4136. Also, petition of the Legislature of the State of New York, urging enactment of legislation increasing rates of Federal estate tax, etc.; to the Committee on Ways and Means.

4137. By Mr. PEAVEY: Petition of many citizens of Clear Lake, Wis., earnestly and respectfully petitioning Congress not to pass compulsory Sunday observance bill (S. 1202) entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced; to the Committee on the Judiciary.

4138. Also, petition of many citizens of Amery, Wis., earnestly and respectfully petitioning Congress not to pass compulsory Sunday observance bill (S. 1202) entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced; to the Committee on the Judiciary.

4139. By Mr. RUDD: Petition of Flatbush Dependable Merchants (Inc.), Brooklyn, N. Y., opposing the proposed sales tax; to the Committee on Ways and Means.

4140. Also, petition of Roosevelt Theater, Brooklyn, N. Y., opposing the admission tax; to the Committee on Ways and Means.

4141. Also, petition of Loretta F. Warnken, 60 Hudson Street, New York City, opposing the proposed tax on telegrams; to the Committee on Ways and Means.

4142. Also, petition of Raymond S. Kelly, of Millerton, N. Y., opposing a tax on imported petroleum, gasoline, fuel oil, and other products; to the Committee on Ways and Means.

4143. By Mr. SELVIG: Petition of American Legion Post of Battle Lake and the American Legion Post of Dilworth, Minn., requesting immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

4144. By Mr. SHOTT: Petition of Railway Employees' and Taxpayers' Association, Mingo County unit of West Virginia, urging that motor-vehicle transportation on the

public highways be required to pay a tax, carry liability insurance, and be restricted as to weight, width, length, and height, and urging repeal of the recapture clause, section 15 (a) of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

4145. Also, petition of Princeton (W. Va.) Post, No. 54, American Legion, urging legislation that will result in the payment in full of the adjusted-service certificates without deduction of interest; to the Committee on Ways and Means.

4146. By Mr. SINCLAIR: Petition of Mary Calkins and about 30 other residents of Steele and Coleharbor, N. Dak., and vicinity, protesting against any measures looking to modification, resubmission, or repeal of the prohibition law; to the Committee on the Judiciary.

4147. By Mr. SMITH of Idaho: Petition signed by 161 residents of Boise, Idaho, protesting against the enactment of legislation providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

4148. Also, petition signed by 22 residents of Idaho, protesting against compulsory Sunday-observance legislation; to the Committee on the District of Columbia.

4149. By Mr. SUTPHIN: Petition of American Hotel Association, objecting to the eighteenth amendment; to the Committee on the Judiciary.

4150. By Mr. SWANSON: Petition of Methodist Episcopal Church, Evangelical Church, and Christian Church of Harlan, Iowa, opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4151. By Mr. SWEENEY: Telegrams of theater owners, business men, and bankers protesting against imposition of admission tax on motion-picture theaters; to the Committee on Ways and Means.

4152. By Mr. TEMPLE: Petition of Regis Feeley, 510 Ridge Avenue, Carnegie, Pa., supporting House bills 6183 and 5110; to the Committee on the Post Office and Post Roads.

4153. By Mr. VINSON of Kentucky: Petition of the Allied Youth for Prohibition, of Grayson, Ky., protesting against the resubmission of the eighteenth amendment to the State legislatures; to the Committee on the Judiciary.

4154. By Mr. WEEKS: Petition from Brandon, Vt., protesting against the Beck-Linthicum joint resolution; to the Committee on the Judiciary.